

Low marks for research into green blood

By John Murray Brown in Dublin

Jack Charlton, former manager of the Irish football team, availed himself of it. President Bill Clinton used it, but without success.

An £125m (\$23m) project to help tourists visiting Ireland to trace their ancestors was this week the subject of a damning official report by the Comptroller and Auditor General.

The computer-based Irish Genealogical Project, dreamt up by the former Irish prime minister, Mr Charles Haughey, in the mid-1980s, was brought to task by the value-for-money watchdog, which

advises parliament on uses of public money.

The findings are an embarrassment for the Irish Tourist Board, Bord Fáilte, at a time when it is already under fire for the revamp of its shamrock logo.

The report said the project had failed to enter more than 30 per cent of the 29m records - many of them hand-written parish and civil records. A significant number of entries were inaccurate. Irish genealogy has always had its devotees. Local priests and libraries used to be inundated with requests from tourists.

Jack Charlton was perhaps the man best known for his efforts in

Irish genealogy. Some would say he stretched to the limits international football's ancestral rules to recruit English First Division footballers for the Irish team. Mr Clinton's quest meanwhile was less productive, unlike earlier presidential visitors to Ireland - John Kennedy and Ronald Reagan.

"Imaginative" is how one local project official described Mr Clinton's alleged links with the famous Cassidys of Fermanagh.

The first systematic effort to collate these records for the tourism industry before this project was by a primary school teacher in county Clare, who got his charges to index the local Griffiths Valuation - an 1840 record of land and property a little like England's Domesday Book.

Bord Fáilte estimates there were 84,000 visitors in 1995 tracing their family trees. But the potential, particularly among Americans of Irish descent, is much larger. Irish Roots magazine once ran a cover with a smiling Mary Robinson, under the title "President of 70 million".

Inside were stories on "How Irish is our soccer team?" and "Hick's Irish relative" - a reference to the Führer's nephew, who is claimed once worked behind the bar at the Shelbourne Hotel.

With Ireland this year commemorating the 150th anniversary of the Great Famine, travel agencies anticipate renewed interest in the subject. The centives, which were set up in all 35 counties, are staffed by trainees on work schemes. The organisation will research a name for £10 and a family tree for £35 and produce a full report for £100. The project is cross-border, and relies on co-operation from the Church of Ireland and the Presbyterian Church, which have been entered on the system. But there are still 14m church records, 6m civil records, and 3m from the first census of 1901 to go.

The system has been part-financed by the International Fund for Ireland, set up to promote reconciliation between Protestants and Roman Catholics in the wake of the Anglo-Irish agreement in 1995 and supported by US, EU, Canadian, and Australian aid.

Ms Eimer Malone of the Dun Laoghaire Borough Heritage Society says: "It's not push-button genealogy. You need someone who understands Irish records."

Mr Frank Brinkley of Irish Genealogy, the company responsible for marketing the project, estimates that 8.4m records have been entered on the system. But there are still 14m church records, 6m civil records, and 3m from the first census of 1901 to go.

Ukraine closes down... for ten days

By Matthew Kaminiski in Kiev

Ukraine, at the peak of a post-Soviet craze for public holidays, is shutting down today for 10 days.

The happy coincidence of the old Communist stalwart, May Day, and the even older Orthodox Easter, observed (officially only since 1992) later than usual, gave the government a popular idea: take the whole week off.

By official decree, nothing will be open until May 5. Then from May 6 until May 12 - for (second world war) Victory Day - Ukrainians will do it again.

The fondness for time off is nothing new. The Soviet Union idealised work, liberally awarding Heroes of Socialist Labour medals that many Ukrainians treasure to this day, but its people actually did very little of it.

The new Ukraine provides many pretax. Old Orthodox Christian holidays are again celebrated. So are new Ukrainian ones and a vibrant Communist constituency ensures Bolshevik holy days stay put.

Ideology aside, few appear to mind. The elite has booked solid many outboard flights next week from Kiev, favouring Red Sea resorts or the large European cities. Even in off season, the picturesque Crimean beach spot's best hotel, filled its last room long ago.

Officially changes of official sloth, Ukraine's foreign minister, Mr Hennadiy Udovenko, said Kiev's leaders would use the occasion for "important" diplomatic trips.

The poorer masses, who have suffered through six years of depression, are more bemused. "It is frankly a little strange: factories are already not working and many people are unemployed," said Ms Galina Korzhovina, waiting for her bus. Her meagre pension keeps her in Kiev, but Ms Korzhovina knows what she will do on May Day: "I'll march. It's such an important celebration of hard labour."

Some private entrepreneurs who have fully embraced the capitalist work ethic complain about lost business. And the tax men are positively traitor. Mr Mykola Azarov, the director of the national tax authority, this week presented a staggering bill: the holiday will cost Ukraine at least 350m hryvnia (\$191m) in lost revenue.

Faced with a deepening economic crisis and little to show for the past four months, the government does not seem to deserve a break. Mr Jeffrey Sachs, the Harvard professor who advises the government, this week urged Kiev to "work every day, around the clock". A reformist MP sarcastically responded: "We may need to rest first." Disenchanted opposition politicians are echoing Ukraine's national poet, Taras Shevchenko, who in the 19th century struggled in vain to arouse his native land against Russian rule. A Shevchenko verse invoked his frustration with Ukrainian inaction: "It's terrible to lie in chains. And rot in dungy deep. But it's still worse, when you are free. To sleep, and sleep, and sleep."

Bonn setback for high-speed train

By Graham Bowley in Frankfurt

The German government and company backers yesterday threw their full support behind this planned high-speed Hamburg to Berlin train link after Germany's three largest construction companies withdrew from the project and the government forecast higher costs and lower revenues.

Mr Matthias Wissmann, transport minister, said the "Transrapid" project, which has been dogged by criticism, was "on track despite calls to the contrary" even though it would cost 10 per cent more than the DM9bn (\$5.2bn) originally estimated and would generate annual revenues of between DM700m and DM950m - down from the earlier estimate of DM1.15bn.

His remarks were in sharp contrast to the government's formerly more cautious

stance. In January Mr Wissmann indicated the ambitious project, one of Germany's largest private and public sector initiatives, would be dropped if it proved too expensive.

Phillip Holzmann, Hochtief and Bilfinger & Berger announced they were pulling out of the project. Hochtief said the train link, which would rely on electromagnetic levitation, was not "economically viable".

But the three remaining partners - Deutsche Bahn, the railway operator, Thyssen, the steel and engineering group, and Siemens, the electrical and electronics group - renewed their commitment and were joined yesterday in the project, which is due to open in 2005, by Adtranz, the joint venture between Daimler Benz and ABB, the Swiss-Swedish group. Deutsche Bahn would now lead the project, the government said.

Mr Wissmann, who has

been keen to control costs, said that other international construction groups would be invited to tender for the building of the track. The government is due to pay the estimated DM6.1bn for the construction of this track.

The remaining project partners said they were already negotiating with foreign investors and wanted to add another European partner.

Mr Heinrich von Pierer, chief executive of Siemens, said the consortium was talking to GEC-Alsthom, the Anglo-French group.

The project, due to begin construction next year, has been plagued by criticism from opposition parties and environmentalists. They doubt whether there is sufficient demand for the train link and whether it justifies the large amounts of state funding. But Mr Wissmann said the project would create more than 22,000 jobs.



Turkey's deputy premier, Tansu Ciller, yesterday denied that her True Path party was about to pull out of the alliance with prime minister Erbakan's ruling Islamist party

Albanian bank chief sacked

By Kevin Done, East Europe Correspondent

Albanian President Sali Berisha yesterday signed a decree dismissing the governor of the Bank of Albania, Mr Kristaq Luniku, in a move which deals a blow to the credibility of the country's efforts to rebuild its shattered economy.

Mr Luniku said yesterday that his removal was "illegal". He attacked it as "an invasion of the central bank" by Mr Berisha, "which is going to undermine the independence of the Bank of Albania".

Mr Luniku was respected by the international financial institutions and was seen as an important guarantee that the Albanian authorities would pursue a

prudent monetary policy.

He said yesterday: "The bank was the only institution that was not under Berisha, but now he wants this institution under his control as well, because the elections are coming."

Albania is seeking financial support from the International Monetary Fund as it battles to deal with the anarchy unleashed by the collapse of a series of fraudulent pyramid schemes. The dismissal is expected to complicate the negotiations.

Mr Luniku has been replaced by Mr Qamili Tusha, deputy director of the National Commercial Bank, one of the country's three beleaguered state-owned banks.

The Bank of Albania had emerged under Mr Luniku's

leadership as one of the country's few independent institutions.

His position has become increasingly exposed in recent months, however, as it became clear that he had been warning Mr Berisha and the government since late 1995 of the growing dangers posed by the development of the informal financial market and the proliferation of fraudulent pyramid finance schemes.

The government failed to act on various drafts for new laws proposed by the central bank for usury and money laundering, and the judicial authorities did nothing to enforce other banking legislation, which included regulations to stop any organisations other than licensed banks from taking deposits.

Since early March Mr Luniku has been in Washington, where he has been assisting the IMF in drawing up policies to support the rebuilding of the financial system in Albania, while continuing to run the central bank.

He said yesterday he had come under pressure from Mr Berisha to sell central bank reserves to prop up the faltering currency, the lek, as the country plunged into chaos earlier this year, but he had refused.

Mr Luniku, 54, was drafted into the central bank as deputy governor when it was created in 1992 and became governor in December 1994. He was responsible for building much of the legal framework and the monetary system for the central bank.

Russia discovers the tension between rights and freedoms

Chrystia Freeland on an old-fashioned battle over press freedom

When Mr Leonid Fedun, one of Russia's most powerful oil barons, stormed into the offices of Ivestia, the venerable national daily, with a phalanx of bodyguards earlier this week he brought a political era crashing down with him.

Mr Fedun's offensive was the latest twist in a long-running struggle for control between Lukoil, Russia's largest oil company and Ivestia's main shareholder, and the newspaper's editors and journalists.

But it also marked the moment when, for the first time since the collapse of communism, the struggle to establish property rights and the fight to ensure freedom of expression came into conflict.

Ivestia journalists, who ardently supported Russia's democratic market reformers in their struggle against the Soviet regime, see the clash with Lukoil as a fight against "political censorship". Lukoil, one of the flagships of Russia's nascent capitalism, sees the Ivestia imbroglio as a battle for "shareholder rights".

Their conflict, which has gripped the nation and rattled Russia's cultural giants and business tycoons to take sides, suggests that, for the first time since the disintegration of the Soviet Union, the intellectuals and the entrepreneurs, the defenders of democracy and the builders of capitalism, may no longer always be on the same side.

"Ivestia's advocates are also not shy about comparisons with the unloved Communist epoch, but their fear is that the raw rule of Russia's new tycoons may be almost as restrictive as that of its old Politburo dictators."

"We thought that for a political newspaper to be owned by a big corporate interest was better than being owned by the state and under the authority of the Communist Party of the Soviet Union, as we had

monopolist which was once run by the premier."

The story provoked an outcry in Moscow: parliament demanded an explanation from the prime minister, whose press secretary responded with the insistence that Mr Chernomyrdin's sole income was a monthly salary, which Lukoil, like all the main companies in the Russian oil and gas industry, enjoys warm relations with the premier, was also per-

they plan to consult their lawyers.

In the opinion of the Ivestia staff, at stake is the media's right to operate free of the dictates of the country's political and economic masters.

"I agree that shareholders' rights must be defended," says Mr Laisa. "But this is a question of political censorship. It was an article about Chernomyrdin [which caused the fuss], not about Alekperov."

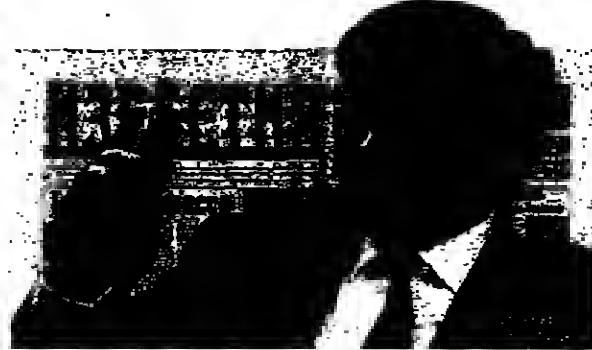
Ivestia's censorship charge hinges on the newspaper's assertion that in cracking down on Ivestia, Lukoil is acting on the offended prime minister's behalf.

According to Ivestia, Mr Chernomyrdin believed that Lukoil was behind the controversial article, which the prime minister's office viewed as part of an elaborate conspiracy to weaken him.

"Chernomyrdin cannot give a direct order to fire me, but he can do it indirectly: he can get Lukoil to have me fired," says Mr Igor Golembiowski, Ivestia's editor.

Lukoil says Ivestia's greatest offence was to bring the oil company under suspicion of actively plotting against the premier.

This assumption that, as Mr Navev puts it, "he who pays, orders the music", is at the root of the dispute. Most of Russia's leading newspapers and television channels are controlled by financial magnates who openly use their media muscle to further their political interests. Their dictates are, of course, much easier to bear than the iron censorship of the Communists. But this version of a capitalist press is also a lot closer to the apocryphal tales Soviet propagandists once told about the west than it is to the real thing.



been," says Mr Otto Latsis, one of Ivestia's most respected journalists and a father figure to the young market reformers in the government.

"But suddenly, we realised that Lukoil's interests also are very large - so that not to touch Lukoil, it appeared that we also could not touch the entire government. Not the ministry of finance, not the prime minister, who knows who else."

The showdown began a month ago when Ivestia reprinted a controversial article from Le Monde which alleged that Mr Victor Chernomyrdin, the Russian prime minister, had accumulated a personal fortune worth \$5bn, thanks largely to his close links to Gazprom, Russia's natural gas

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NEWS: INTERNATIONAL

Country frozen in time as cold war mentality lingers among elite and extends to man in street

Zaire lost in a world of its own

By Michela Wrong in Kinshasa

Mrs Nzuzi Wa Mumbo is a woman who normally emanates a sense of sleek well-being. Her years in the political arena have clearly done this successful businesswoman - an admirer of Margaret Thatcher - no harm. Perfectly coiffed, she is fragrant with perfume. Gold glitters on ears, fingers and wrists.

But today she can barely contain her rage. Sitting on her terrace she blasts the foreign powers destroying the man she venerates. "What did Mobutu not do when it came to furthering US interests? What risks did he not take? Zaireans have a strong sense of friendship and these are not easy things to forget. The west will live to regret what it is doing today in Zaire."

The litany is a familiar one. As Kinshasa waits to be stormed by the rebel alliance, Zaire's "dinosaurs" - the pampered elite who benefited from President Mobutu Sese Seko's 32-year rule - are waking up to the threat of extinction.

Interviews are dominated by tirades against the

"satellite plot" by a "neo-colonialist" US.

"They can't believe the times when Belgium or Morocco or the CIA would leap to Mobutu's rescue are over," says a diplomat. "They can't shake off the cold war mentality because they have never experienced anything else. It has always been there so it always will be there. They stopped looking at the outside world when it changed." The "mouvance présidentielle" still has not registered the fact that - whatever help Mr Laurent Kabila may be getting from his friends from the east - the rebels are triumphing thanks to the enormous support they enjoy among a downtrodden population.

Instead, the rebel advance is viewed entirely as a conspiracy by Washington, in cahoots with puppet governments in Uganda and Rwanda. Pro-Mobutu newspapers heralded the signing of a \$1bn contract between the rebels and a US company as an incontrovertible proof Washington had launched the war with the sole aim of appropriating Zaire's mineral riches.

To say Zaire was scarred

by the cold war is an understatement. More than any other African country, it appears frozen in time, trapped in an epoch when Washington and Moscow's desires determined the lives of far-away Africans. The destruction of the Berlin Wall, the fragmentation of the Soviet Union, appear not to have registered on the Zairean psyche.

The obsession with western interference is not confined to the ruling class. It extends to the entire political establishment and the man in the street.

At street corners ordinary Zaireans huddle around newstands searching for clues to the west's "agenda" for Zaire. Quizzing visitors

for insights, they laugh incredulously when told most foreign governments regard the country as a massive headache.

When an opposition leader is asked to explain what Patrice Lumumba, the assassinated prime minister who was Mr Kabila's mentor, represents for Zaireans today, he explodes into a furious defence. "Why are you all so frightened of Lumumba?" exclaims Mr Christophe Ghenghe. "We are against foreign capital. We are not communists." This reassurance sounds as dated as the political convictions of Lumumba himself, killed in 1961 before having time to develop a coherent philosophy.

But the obsession with conspiracy theories is not without its rationale. From Belgium's King Leopold onwards, external players interfered ruthlessly in Zairean affairs. The CIA plotted Lumumba's death, before helping Mr Mobutu seize control. They then kept him there as a bastion against communism, supplying him with weapons and mercenaries when necessary.

And if by 1990 the Americans and Belgians had distanced themselves from Mr Mobutu, support from the French, reluctant to lose an African ally after alienating Rwanda, filled the vacuum. Despite Mr Mobutu's nominal acceptance of democracy, there was nothing on the ground to convince Zaireans fundamental realities had altered.

The conviction that Zaire's fate is being decided by others explains the passivity outsiders find so exasperating. "Throughout the war, most Zaireans have simply sat and waited to be liberated," says an analyst. "Even now, when Mobutu is on his last legs, they expect someone else to bundle him out to a helicopter and do the job for them."

History will probably look back on Mobutu's fall as the death rattle of cold war involvement in Africa. Dealing a shattering blow to France, the last colonial power still heavily involved in the continent, it could herald the start of a new, unpredictable era in which Africans set their own agenda.

The final irony is that the man who can now deliver the coup de grace to three decades of psychological dependency is himself a cold war product. A devotee of Lumumba, former Maoist, comrade-in-arms of Che Guevara, Mr Kabila must prove he is no "dinosaur", if he is to wake Zaire from its Rip Van Winkle trance.

INTERNATIONAL NEWS DIGEST

Bank to fight corruption

The World Bank is stepping up efforts to fight corruption in developing economies, Mr James Wolfensohn, president of the multilateral lending institution, said yesterday.

At a press conference on the eve of the International Monetary Fund and World Bank spring meetings, Mr Wolfensohn said corruption remained the biggest factor inhibiting investment in many emerging market economies. The World Bank was involved in intensive efforts to help governments tackle the problem.

"The corruption issue is way higher on the World Bank's agenda than it has ever been," he said.

The World Bank had conducted seminars in the past year with governments and private sector groups in a dozen countries in Asia, Africa and Latin America, though Mr Wolfensohn declined to identify them individually. The aim was to convey ideas on how to fight corruption. The full bank board would consider an internal paper on an anti-corruption strategy at its meeting next month.

Gerard Baker, Washington

Volkswagen row nears end

Hopes rose yesterday that Volkswagen and the European Commission would soon resolve their dispute over investment subsidies granted to the carmaker by the German state of Saxony, after Mr Günter Rexrodt, Germany's economics minister, said agreement was near.

Mr Rexrodt gave no details but said the two sides had agreed in principle on a settlement and only one or two minor matters remained to be clarified.

The dispute arose last summer after the Commission blocked DM941m (\$140m) of subsidies for two VW plants in Saxony, which then disbursed DM52m in defiance of the ban.

Peter Norman, Bonn

Senate election briefing

The US Justice Department and the FBI are reported to have told members of the Senate intelligence committee that a Chinese plan to funnel money into the 1996 US elections, in order to influence US policy, was approved at the highest levels.

The briefing was reported in yesterday's Washington Post. Although there has been no evidence produced in public of Chinese involvement in the election, just the suggestion of the scheme has created widespread uneasiness over the Clinton administration's plans to improve relations with Beijing. Beijing has strongly denied the report. But it cast a shadow over the recent visit of Mr Al Gore, vice-president, to China and the expected visit of President Jiang Zemin to the US in the autumn.

According to the Post, the attorney general, Mr Janet Reno, and Mr Louis Freeh, FBI director, told intelligence committee members that intercepts of communications between Beijing and the Chinese embassy in Washington revealed "amazing" details of the plan. It has also tracked some money transfers from Beijing, which could have been used in the plan.

Nancy Duane, Washington

Query over De Beers contract

De Beers has effectively been given three months notice by Zaire's rebel alliance that it is terminating the South African group's exclusive contract to buy the rough or uncut diamond output from the state-owned company Minière de Bakwanga (Miba), Mr Tim Capon, a De Beers director, said that Mr Mwana Mwangi Mwangi, the alliance economy minister, had made it clear that he wanted to look at alternative ways of selling Miba's output.

"We still have to come up with proposals and you could say the situation is pretty fluid," Mr Capon added. He pointed out that, while Miba's production of about 500,000 carats a month, worth roughly \$12 a carat (or \$6m a month in total), was important to Zaire, it was a very small part of the \$4.5bn annual sales by De Beers' Central Selling Organisation, which dominates world trade in rough diamonds.

De Beers bought more diamonds from Zaire's small producers and the alliance had given the go-ahead for the group to re-open its buying offices, said Mr Capon.

"We are in the process of doing that but we are having to deal with the problem of how you get cash in and diamonds out securely when a civil war is going on."

Kenneth Gooding, Mining Correspondent

Romania spy chief may resign

General Virgil Magureanu, head of the powerful Romanian intelligence service, has offered to resign, according to a spokesman. The body, called the Romanian Information Service (SRI), is based on elements of the Securitate, the notorious secret police of communist Romania, of which General Magureanu was a senior officer. SRI spokesman, Mr Nicolae Uliaru, said that the resignation offer was prompted by "pressure from groups in Romania and abroad."

He suggested that there was a connection with Romania's desire to be invited to join Nato at the Madrid conference in July. Some western diplomats have given the continuing Securitate legacy as a reason to delay Romanian membership.

Anatol Lieven, Budapest

EU tax on wheat exports

The EU has imposed a tax on wheat exports in an effort to control a surge in prices and to curb exports in the face of falling grain stocks.

A European Commission official said the tax was imposed because the market was over-heating as a result of unusual weather conditions to the EU and US. EU prices have risen by as much as 20 per cent above the intervention level which is set by the European Commission.

EU prices have been rising steadily since mid-March mainly because of a prolonged drought in Portugal, Spain, the UK and parts of France. World prices have also risen sharply on fears that the 1997 grain harvest will be poor because of the drought in Europe and adverse weather in the US.

Prices have also been driven up by the continuing rise in demand world-wide, which has left stocks depleted.

The EU move came despite a record EU cereals harvest of 200m tonnes last year and earlier indications of another massive crop in 1997. However, EU grain stocks have fallen to just over 1m tonnes from 2.6m tonnes at the start of the season last July.

Caroline Southey, Brussels

Bomb blast in Milan

Italy's national holiday celebrating the liberation from fascism was overshadowed by the explosion of a powerful home-made bomb outside the main offices of the city hall in Milan yesterday.

No one was injured as the device, consisting of bolts placed inside a canister, exploded in the early hours of the morning when streets of Milan were deserted. But it was the first serious terrorist bombing since a series of attacks, carried out by the Mafia in 1993.

Both the timing and the placing of the bomb also clearly suggested a link with local elections to be held tomorrow in which Milan is the single most important city council at stake. No one claimed responsibility for the bomb. "This is a very serious incident," said Mr Giorgio Napolitano, the interior minister.

"This has happened on April 25 - an occasion which should unite all Italians. And it is on the eve of local elections which should be held in a free and serene environment."

Robert Graham, Rome

Japan ponders effect of sales tax increase

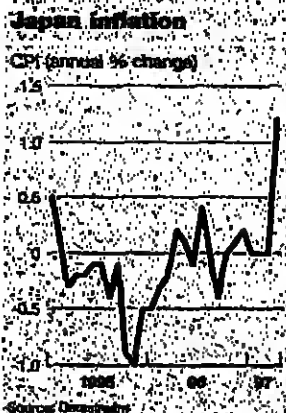
By Gwen Robinson in Tokyo

Japan's beleaguered retailers will be keeping an anxious watch on sales during "Golden Week" the country's annual vacation period, when rural Japanese flock to cities and, alongside holidaying office workers, head for department stores and shopping plazas. The string of national holidays which begins next week is seen as a revealing test of consumer sentiment following the April 1 increase in sales tax from 3 per cent to 5 per cent.

Figures published this week by supermarkets, chain stores and department stores show a surge in March sales, as shoppers rushed to buy costly items such as home appliances ahead of the tax increase. But they have underlined fears among retailers that business would inevitably improve in the short term before suddenly getting worse.

For some retailers, the figures also showed a worrying polarisation in spending patterns, away from medium-ranked supermarkets and department stores for purchases of mainstay items such as food, toward cheaper chain stores and high-end department stores.

Department store sales in March jumped 23 per cent at an annual rate to ¥966bn, (\$7.62bn) recording the first double-digit growth since June 1990, according to the Japan Department Stores



Association. The association said the main factor driving sales was a consumer rush in the second half of the month, particularly for price items before the tax increase.

Sales in Tokyo stores alone amounted to ¥271.9bn, up 21.7 per cent. The most sought-after items, by category, included furniture which saw an annualised sales increase of more than 35 per cent, while home appliances leapt 60 per cent and sundry items, including jewellery and artwork, grew by 37 per cent. Food sales, however, grew only a moderate 5.4 per cent.

The agency, which has expressed concern about the potential negative impact of the tax on retailers and consumer spending, said prices of 30 key consumer items increased by an average 1.7 per cent from the previous month.

among the most popular items, recording a 46 per cent annual increase in sales.

Supermarkets, meanwhile, reported an increase of only 0.7 per cent in March to ¥16.87bn. However, they are represented the first annual increase in five years.

Reflecting trends seen in department and chain stores, home appliances recorded the highest sales growth, rising nearly 47 per cent to ¥68.6bn.

Following the February end of the business year for most retailers, many have forecast further increases in sales for the current business year on strong earnings results.

Analysts, however, say it is too early to gauge the overall impact of the sales tax increase on consumer sentiment and warn that some of the largest retailers have been too optimistic in their sales projections for the current year.

The government's Economic Planning Agency yesterday announced the results of a survey of retail prices around the country following the April 1 sales tax increase.

The agency, which has expressed concern about the potential negative impact of the tax on retailers and consumer spending, said prices of 30 key consumer items increased by an average 1.7 per cent from the previous month.



Aryeh Deri is held aloft by supporters at a Shas rally in Jerusalem on Wednesday during which he protested against the decision to indict him on corruption charges.

New divide emerges in Israeli politics

When Mr Aryeh Deri, leader of Shas, the ultra-Orthodox party in Mr Benjamin Netanyahu's Likud-led coalition, addressed a huge rally this week, he tried to unleash the genius of ethnic nationalism.

Mr Deri, born in Morocco in 1950, was the only person to be indicted for breach of trust, fraud and extortion over the short-lived and controversial appointment of Mr Roni Bar-On as attorney general.

Even though the prosecutors had ample evidence to indict him on Sunday, Mr Deri did not accept their decision lightly.

Instead, he used the rally to depict himself and Shas, a political umbrella for the Oriental and North African, or Sephardic, Jewish communities as being made scapegoats by the European, or Ashkenazi, Jews.

"I will tell you one big secret," he told the chanting black-clad crowds. "Every one asks why this movement is being persecuted. This is religious and racial persecution. The Shasim will alter the character of the state of Israel. We will get over this."

The fear that Mr Deri would reopen divisions between Ashkenazi and Sephardic Jews prompted President Ezer Weizman to hold talks with Shas before the rally. "One should not, God forbid, take this event and turn it into an instance of discrimination against the Sephardic community and the supremacy of the Ashkenazi," he said.

"The second-rank leadership of Shas fosters and strengthens among the movement's supporters the belief that every decision is based on the hatred of religion and the hatred of Sephardic Jews."

Likud, founded in 1973, provided a political home for the Sephardim who felt discriminated against by the Ashkenazi, the founders of Israel. But Likud, which has a large secular constituency, was not considered religious enough for Shas, which, after its establishment as a party in 1983, stunned the

electorate when Mr Deri won four seats in the 1994 elections.

Today it is in a stronger position to extract more concessions.

It is difficult to gauge Mr Netanyahu's commitment, apart from political expediency, to Shas.

But other Likud deputies, most notably Mr Michael Eitan, the coalition's parliamentary leader, recognise it is not the ethnic divide but the religious one which, apart from the peace process, is becoming the biggest force in Israeli politics.

Since every government will remain beholden to Shas, particularly since demography is in the latter's favour - Sephardic Jews have an average of nine children per family - there is a very gradual consensus emerging for a new political realignment. Analysts believe that, eventually, Likud's liberal factions will join the opposition Labour party to form a new centrist party.

"The old divide between left and right is fading as the new divide between secular and religious is growing stronger," Mr Eitan said recently.

In the meantime, Shas and the other ultra-Orthodox parties will need to do their utmost to extract more concessions as the Jewish state of Israel grapples with the almost irreconcilable task of combining Judaism with democracy.

Judy Dempsey

Egypt in 'Jerusalem Appeal'

By Mark Hubbard in Cairo

Egypt's secular and Islamic opposition parties yesterday demanded a reversal in the normalisation of its relations with Israel, in protest at the Israeli government's construction of Jewish settlements on Arab land to defiance of the Oslo accords on Middle East peace.

In a rare but revealing show of common purpose six political groups, including the banned Muslim Brotherhood, as well as several professional associations, co-signed a "Jerusalem

Appeal", which called upon the Egyptian government to recall the Egyptian ambassador from Tel Aviv, suspend the sale of Egyptian oil to Israel, and stop Egyptian and Israeli tourists from travelling to one another's countries.

In a tone reflective of Egyptian public opinion, which is strongly anti-Israeli despite the policy of normalisation which the two governments have had since the 1979 Camp David accord, the diverse opposition groups, who have a mere 13 seats in the 444-seat parliament,

appeared set aside their own deep differences. "The Egyptian government... is called upon to stop acting on all the economic, commercial and cultural agreements and protocols which it has signed with Israel, to stop selling oil and gas, and to stop Zionist tourism and all kinds of normalisation with Israel," the statement said.

It added that this included a freeze on regional economic projects which grew out of the Middle East and North Africa economic conferences, last held in Cairo in November.

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Corporate Japan hit by gangsters

Mr Y may be one of Japan's *sokaiya* gangsters, but he talks like a corporate activist.

"The problem is that Japanese companies are less transparent than American companies - they have a lot of secrets to hide," he said yesterday. For Nomura Securities, one of those secrets was paying ¥38m (\$300,000) to a *sokaiya*.

When it was forced to admit the payment, several of its biggest customers defected, knocking it from its long-held position as the Tokyo Stock Exchange's leading broker.

'Japanese companies are less transparent than American companies - they have a lot of secrets to hide' - a Japanese *sokaiya* gangster

This week, a third of its board directors resigned, including the president.

But most Japanese companies still deeply dislike facing probing questions and will go to great lengths to avoid anything which involves any public loss of face or embarrassment.

Two other large companies, the food group Ajinomoto and retailer Takashimaya, have also faced recent scandals over *sokaiya* payments, which have been technically illegal for 15 years.

The *sokaiya* take their name from the Japanese word for shareholders' meetings - *kabunishi sokai* - since their main "job" is extracting money from companies in exchange for refraining from asking difficult questions at these events.

Yesterday, Mr Y defended his business with vigour.

"It is natural that *sokaiya* should be blamed, but you need to blame other things like the police and companies as well," he said. And it is not easy being a *sokaiya*, he said. "We have to have smart questions to ask in shareholders' meetings."

Mr Y uses the Internet to research information on companies, reads "over 10 newspapers a day" and studies legal tracts and industry research papers. He plans to travel to the US next week, to attend Ford's annual meeting, in order to understand how US shareholders behave.

When the *sokaiya* first emerged with a force in the 1950s, their image was distinctly thuggish.

But as their fortunes waxed with the economy as a whole, they have become much more sophisticated, as Mr Y's claims indicate.

As Mr Ritsuke Miyawaki, a former Japanese police chief, said: "A lot of *sokaiya* are real financial experts and may know more than company executives."

Most *sokaiya* now own shares in the companies they are harassing. Some even claim to be representing groups of shareholders against the company.

Mr Y said: "We do not just deal with shareholders' meetings, but also other claims. In a recent case, for example, we attacked a company over an insurance case."

Anyone wishing to hire the *sokaiya* can find them easily enough. Tokyo bookstores are currently stocking a directory called "Tantoshu Hikkai" 1997, which provides guidance on the *sokaiya* - and advertises the services of 687 of them.

Despite their new image, many *sokaiya* can be highly dangerous. When the general affairs manager of Fuji Film tried to stop paying the annual ¥400,000 *sokaiya* bribes in 1991, he was slain in a traditional sword attack.

It is claimed that some of Nomura's executives faced similar personal threats.

The key to beating the *sokaiya*, some argue, is encouraging managers to become more open - and Japan's traditionally docile shareholders to exert their muscle. "It's all a matter of disclosure," explained an adviser to a securities group.

"After all," he said, "in the west the whole point of shareholders' meetings is to answer difficult questions - we need to get that mentality here."

Some companies are certainly trying to move

The *sokaiya*'s main 'job' is extracting money from companies for not asking difficult questions at shareholders' meetings

towards more openness: next month Takashimaya will open its general meeting to the press for the first time ever, after some shareholders sued its executives for *sokaiya* payments.

Mr Y himself thinks the system will change. "Eventually *sokaiya* jobs will go as Japan moves to a system with ombudsmen and shareholders' law suits," he said. "The key to changing the traditional system of corporate culture in Japan is foreign pressure." But for the moment he gives no signs of changing his own job.

Gillian Tett
Additional reporting by Mitsuko Matsunori

Chemical weapons vote a victory for Clinton

By Edward Mortimer

The US Senate's ratification of the Chemical Weapons Convention (CWC) on Thursday night, by 74 votes to 26, marks President Bill Clinton's first big foreign policy victory in his second term.

It shows that his administration can work effectively on foreign policy issues with the Republican-controlled Congress, and will come as a considerable relief to US allies around the world. It is also a blow to the authority of Mr Jesse Helms, the much feared chairman of the Senate foreign relations committee, who carried less than half his Republican colleagues with him in opposing the treaty.

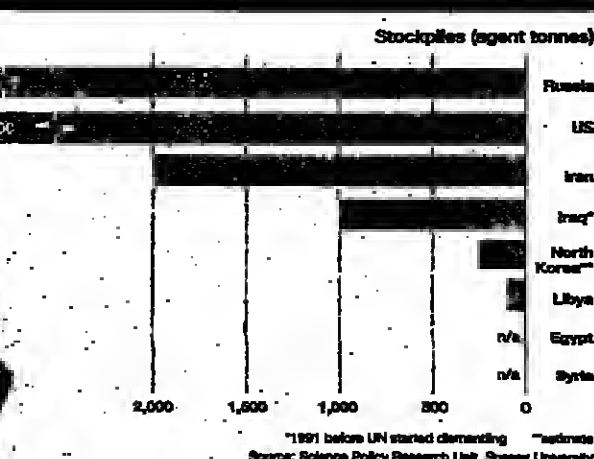
The convention, which bans development, production, stockpiling and transfer as well as use of chemical weapons, and contains highly detailed verification provisions, is due to come into force on Tuesday. It would have done so anyway, since the requisite 65 countries had ratified it by last October. (The US is the 75th.) But without the participation of the world's leading power, which has a declared chemical weapons stockpile of 30,000 tonnes, its effect would have been greatly reduced.

Now all eyes will be on Russia, the other declared possessor of chemical weapons.

President Boris Yeltsin sent the convention to the State Duma for ratification on March 17, just before his Helsinki summit with Mr Clinton, and last week Mr Sergei Baburin, deputy speaker of the Duma, said it was desirable for Russia to ratify it before it came into force. But the communists and nationalists who dominate the Duma are up in arms against the proposed expansion of NATO, and may be in no mood for a gesture involving close co-operation with western powers.

Suspicion about Russia's intentions was one reason for hostility to the treaty among US conservatives. In his speech opening the

Chemical warfare: who has what?



debate on Wednesday Senator Helms accused the Russians of "pursuing a new generation of chemical agents specifically designed to circumvent the CWC, violating their existing bilateral chemical weapons agreement with the US, and lying about their chemical stockpiles."

Mr Helms and his allies tried to make US ratification conditional on Russia's joining the treaty, but the Senate voted to strip out this and other wrecking amendments.

If Russia does join, it will need financial help. The cost of destroying its 40,000-tonne stockpile was estimated at \$10bn in 1993 and will now

probably be higher. Last year the US announced plans for the destruction of its own stockpile by 2004 at a cost of \$12bn. (Some of the US stockpile has already been destroyed, under a law signed by President Ronald Reagan in 1965.)

Support from senior Republicans - including former President George Bush whose administration negotiated and signed the treaty, and Mr Bob Dole, the former Senate majority leader who was last year's presidential candidate - was decisive in getting the treaty through the Senate.

A barrage of radio and television talk-show appearances by the secretary of

US ratification of the treaty banning chemical weapons opens up a \$5bn market for the destruction of US stockpiles, a UK science and engineering company said yesterday, writes Leyla Boulton, Environment Correspondent. AEA Technology, the only non-US company to have received an official badge of approval for its technology to dismantle chemical weapons, is particularly keen to sell the US a mobile plant capable of destroying weapons at more than one site.

Its Silver II technology, developed out of a process to treat contaminated waste from the nuclear industry, turns chemical weapons such as mustard gas and VX into water, salt and carbon dioxide. Mr Mike Watson, executive director for marketing and sales, said the company was now looking for a US partner, such as Bechtel, the construction company, or Lockheed Martin, the defence contractor, to complement its marketing efforts. AEA Technology and three US companies were accredited by the National Research Council as capable of "doing the job" in a competition launched by the US Defence Department in anticipation of the treaty's ratification.

state, Mrs Madeleine Albright, also helped stimulate public pressure on wavering senators.

But the present majority leader, Senator Trent Lott, said he would expect Mr Clinton to reciprocate with concessions on the budget. The administration is already reported to have promised closer co-operation with the Senate on payment of US arrears to the UN, and to have agreed to submit recently negotiated changes in two other treaties - on anti-ballistic missile defence and on conventional forces in Europe - for Senate approval.

Mr Lott also said his favourable vote was much influenced by a last-minute letter from Mr Clinton pledging to withdraw from the CWC if other countries used its provisions to proliferate poison gas technology and endanger US security.

The fear that this could happen relates to Articles X and XI of the treaty, which promise aid, including defensive equipment, to any signatory that is attacked or threatened with chemical weapons, and allow signatories to acquire chemical technology for civilian purposes. These provisions are modelled on similar ones in the nuclear non-proliferation treaty (NPT). But in the CWC the emphasis on verification is much stronger.

Boat people problem 'coming to end'

By Jeremy Grant in Hanoi

The United Nations High Commissioner for Refugees (UNHCR) yesterday claimed the saga of the Vietnamese boat people was "finally coming to an end" after two decades which saw the largest refugee migration movement since the second world war.

But Mr Sergio Vieira de Mello, UNHCR assistant high commissioner, made a last-minute appeal for asylum for about 1,300 Vietnamese refugees still languishing in camps in Hong Kong who are threatened with statelessness after the handover to China in two months.

Beijing has said it does not want to see any Vietnamese left in the territory once it resumes sovereignty.

The 1,300 are part of a total of 3,994 boat people left in Hong Kong and although deemed refugees, governments have been reluctant to accept them because many are drug addicts, convicted criminals or mentally ill. However Mr de Mello said he hoped that "traditional resettlement countries" - mainly the US, Canada, Australia and France - would consider taking the refugees.

But he added: "I must confess that this is a matter of a wish on my part, than a likely outcome. I'm afraid that the majority will not be accepted."

Son of S Korea president begs for forgiveness

By John Burton in Seoul

The tearful son of the South Korean president yesterday begged for forgiveness at a parliamentary hearing, while denying allegations that he engaged in extensive influence-peddling.

The opposition has accused Mr Kim Hyun-chul of pressing banks and other financial institutions to lend nearly \$8bn to the Hanbo steel group before it declared bankruptcy in January.

The 10-hour parliamentary questioning of Mr Kim was considered crucial in determining whether his father's administration can survive one of the country's biggest corruption scandals.

President Kim Young-sam's approval rating has fallen to 15 per cent, while 65 per cent of the electorate believe he should not be allowed to serve out his full term, which ends in February 1998, according to one recent opinion poll.

The president's son, 38, apologised for his "arrogant" conduct in a parliamentary hearing broadcast live on all three national networks.

"I'm praying for forgiveness, praying for my repentance and praying for hope," he said as he accepted responsibility for creating an "enormous social furor".

Such public displays of remorse by influential figures are expected in Korea, where Confucian tradition requires that social leaders should be morally unblemished and above reproach. Prosecutors are expected

to question Mr Kim shortly on allegations that he accepted bribes for influence-peddling in the Hanbo affair and other matters, including government appointments and foreign contracts. Investigators have suggested that he will soon be arrested. "I will accept punishment if I am guilty of a crime," he told his parliamentary questioners.

The Kim administration has already been shaken by the trial of 10 businessmen and politicians, including several close associates of the president, for their involvement in the Hanbo bribes-for-loans scandal.

The opposition claims Hanbo helped finance the president's 1992 election campaign, which his son helped manage, in return for a promise that the government would arrange the bank loans to the steel group.

The junior Kim denied rumours he kept unspent funds from his father's 1992 election campaign and had asked the founder of the Hanbo group to help launder the money.

Prosecutors are probing charges that the president's son took a Won200bn (\$224m) kickback from a business associate acting as an agent for Hanbo on the purchase of steelmaking equipment from a German company. He is also accused of influencing government policy on North Korea, including allegedly helping arrange Hanbo's investment in a North Korean steel mill.

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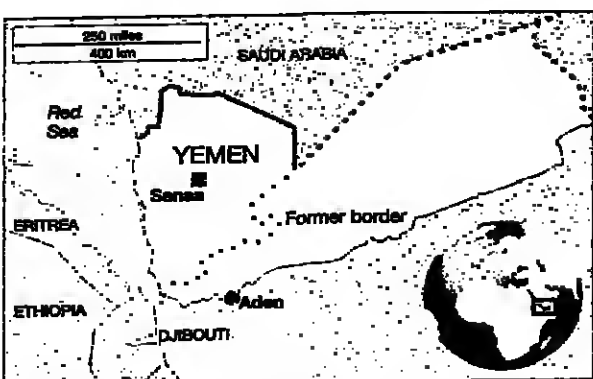
Unity the theme for Yemen election

Unity is the overriding theme for nearly 5m Yemenis who go to the polls tomorrow to elect a new parliament in the country's first general election since the bloody 1994 civil war, which left President Ali Abdullah Saleh in firm control. The elections will also be the first to be held free of threat or fears of a southern secession.

They will, officials and western diplomats agree, give the president and his party, the General People's Congress (GPC), an opportunity to demonstrate that he has not just national control, but nationwide support.

More than 2,300 candidates are competing for 301 seats. The GPC is expected to retain an overall majority, while its erstwhile partner, the Islamist Yemeni Reform Group (Islah), could divide the rest with independents.

Because of the 20 per cent illiteracy rate, symbols are being widely used by the 12 political parties and independents to identify their cause. The GPC, for example, has chosen the horse: Islah the sun. One independent is said to be using a mobile telephone as a symbol: others camels, falcons, dinosaurs, rifles, chalk and water wells.



The Yemen Socialist party (YSP), the former ruling party of South Yemen before unity with the north in May 1990, is still officially boycotting the elections, although some dissident members are standing as independents.

The issues and national priorities confronting the country can be summed up thus: how to make ends meet. Yemen is a small oil producer, some \$35,000 barrels a day. It is also poor, with a 1996 per capita income of only \$280, half that of Egypt and two-thirds that of India and Pakistan. Under an IMF-inspired economic restructuring programme, President Saleh has

unified the six exchange rates that existed two years ago, brought annual inflation down from over 100 per cent to 7 per cent, and cut subsidies. As a result of subsidy cuts, the cost of living has soared.

Observers agree the mere fact the election campaign has been conducted peacefully is a remarkable achievement, given Yemen's long and turbulent history as a country where Russian-made AK-47 Kalashnikovs outnumber its 18m population by three-to-one.

Yemen has been one country only since 1990. For hundreds of years the northern part had been ruled by autocratic Imams from their cap-

ital. Sana'a, until their authority was challenged by republicans in 1962 and they were finally ousted in 1967. President Saleh seized control in 1978 and surprised almost everyone, not only by surviving, but by successfully consolidating his power.

But even today the writ of the central government does not always carry to the independent tribes of the central highlands and desert areas covering an area twice the size of the British.

Tribal kidnappings of government officials and foreigners is routine, though no foreigner has ever been harmed.

Historical experience in the southern part of the country could hardly have been more different. For centuries small localised populations had been ruled by numerous Sultans until the British took Aden as a coaling station in the 1820s to secure supply lines to India.

After the British withdrew in 1967, hard-line Marxist nationalists seized power in Aden and all over the former South Arabian Federation. Local Sultans were liquidated or, with thousands of others, fled abroad.

When the Soviet Union

disintegrated in 1989, South Yemen collapsed with it. Within a year, the YSP leadership embraced the illusory panacea of unity.

Disillusion, however, quickly set in. The YSP found its influence circumscribed by the power of Sana'a, and many resented southern oil revenues going into coffers controlled by the more populous north.

Rasentment increased when President Saleh's decision not to condemn Iraq's invasion of Kuwait in August 1990 caused a cut-off of all western aid, as well as expulsion from Saudi Arabia of nearly 1m Yemenis who had lived and worked there for generations.

It was in this climate of mutual accusations of disloyalty, ballot-rigging and a southern sense of injustice, that the 1993 national elections were held.

This time round it is different. Many southerners are resigned, if not reconciled. But the main achievement will be that the free elections took place at all. Yemen is, by common consent, setting an example that none of its neighbours has yet dared to follow.

Robin Allen

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday April 26 1997

Passing the global torch

Poor old Ken Clarke. By rights the UK chancellor ought to be heading off to Washington this morning to talk jazz tunes and international finance at the International Monetary Fund's spring get-together. Instead he will be pounding the pavements at home in a last-ditch effort to save his party from rampant Europhobia on the one hand and a new Labour government on the other.

His French counterpart, Jean Arthurs, about to embark on a more hopeful election battle at home, may sympathise with Mr Clarke's plight. But most of the finance ministers from the other Group of Seven economies gathered on the Potomac will have more pleasant matters before them, namely the unusually benign prospects for the global economy and how long they can be expected to last.

To hear the IMF tell it, these are halcyon days for the world's economies. The organisation did not quite put it that way in its latest survey of economic prospects, published on Wednesday (the phrase was "generally propitious"). But the message was solidly optimistic.

The IMF expects growth in the advanced economies to pick up to a very respectable rate of nearly 3 per cent in 1997 and 1998, up from 2.4 per cent in both of the previous years. Inflation, meanwhile, will be more or less unchanged for the group as a whole, averaging 2.4 per cent this year and the next.

With luck, the laggards in the global expansion will not have to rely on growth in foreign demand much longer. Indeed, it is partly the signs of domestic consumption picking up in the main continental economies and Japan which make the IMF's forecasters so optimistic about the next few years. The UK, and most likely the US, will have to apply the brakes to their own recoveries over the months ahead. Wage pressures, visibly on the rise in Britain, are also becoming a worry in the US.

Ideally, both economies will manage to achieve a soft landing - or put off the need to "land" at all - just as continental Europe and Japan are emerging from the doldrums. The hope, then, is that the torch of recovery might be passed smoothly and happily from one group of economies to another. This outcome is not guaranteed: growth in Japan, in particular, may well disappoint. But the very fact that it is a possibility is yet another reason for Mr Clarke to wish for victory next Thursday.

Useful counterweight
Such an IMF-eye view of the world will be a useful counterweight in the discussions in Washington to the more parochial outlook of the G7 finance ministers. Not least because quite a few of them - Japan, France and Germany, to be exact - have backed the recent growth trends so glowingly described by the IMF.

Although the developing world has done its part to sustain the global upturn, there is no getting around the central role of the US, the country which was last in to recession

in the early 1990s, and first out. Since 1992 the US locomotive has received able support from the UK and a clutch of smaller European countries. The US and UK economies have both grown by about 13 per cent since March of that year.

Compare that to the increase of between 5 per cent and 6 per cent in the French, German and Japanese economies over the same period and you have the measure of the asynchronous global expansion. But this cannot be expected to last indefinitely.

Sustainable recoveries

Arguably, stagnant demand conditions in much of continental Europe and Japan have helped make the US and UK recoveries more sustainable by pushing up the value of the dollar and - more recently - sterling, and helping to keep a lid on price pressures. Yet this is not much comfort to the unemployed in continental Europe and Japan, nor, increasingly, to exporters coping with a much higher exchange rate.

The role of foreign demand in supporting the continental economies is well illustrated in the forecasts for the German economy released earlier this week by the country's leading economic institutes. They predict growth this year of 2.25 per cent, of which net exports will account for fully 1.9 percentage points.

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The French are scarcely a people to underestimate the importance of what they do to the rest of Europe. But the main protagonists in France's new election campaign may not fully realise what is at stake for Europe in the battle leading up to ballots on May 25 and June 1.

The Euro-debate in France is not quite as fundamental as in the UK. Even the far-right National Front, which has become the country's most vociferously anti-European party, demands only that France denounce the 1992 Maastricht treaty - not quit the EU for good. The French basically know they are in Europe to stay.

But, with monetary union as its motor, the European Union has become the locomotive of change even more in France than in other European countries. This is partly because with its often-awkward split in the executive between president and prime minister, weak party structure, feeble parliament and disruptive trade unions France appears to find change harder to achieve than parliamentary regimes elsewhere in Europe.

The nature of the change wrought by Europe is difficult for many French to stomach. The EU's founding treaties may have been largely drafted by a Frenchman, Jean Monnet, but he was heavily influenced by his American anti-trust lawyer friends into injecting a large dose of free-market liberalism (except in agriculture) and competition rules.

France, even under Prime Minister Alain Juppé's centre-right government, has thus found itself fighting a rearguard action against Brussels over limits on government aid to state companies and the monopoly privileges of the French public utilities. Only the National Front and most Communists adopt a stop-the-world-we-want-to-get-off attitude in rejecting the *mondialisation* - globalisation of the French economy. But the mainstream election debate is already about the pace of change.

Most of the ruling centre-right is seeking a new five-year mandate to proceed with the recent Juppé reforms. Some liberal hot-heads in its ranks - such as followers of Mr Alain Madelin, the first finance minister during Mr Jacques Chirac's presidency - want to go faster.

The Socialists have seized on the urgings of these liberals to brand the whole centre-right as "reactionary". But the Socialist party is not hard to paint as "archaic" - and Mr Juppé is already doing so - because it is against structural reforms such as sharp cuts in France's 2m civil service.

Mr Lionel Jospin, the Socialist leader, is making "changing the future" his slogan, albeit an ambiguous one. And his party accepts a slimming down of the French state and its spending - though not necessarily in order to achieve the Maastricht target of a public deficit below 3 per cent of gross domestic product to qualify for the single currency.

On close questioning this week, the Socialist party said it would not after all seek to reverse the planned privatisation of France Telecom and the Thomson-CSF defence company because, *Mons-*

Common coin of debate

France's election is being fought over the pace of change, says David Buchan



tricht oblige, it would not have the money to do so.

This snap election should, on balance, favour incumbents, overwhelmingly of the centre-right. The four previous ones - 1962, 1968, 1981 and 1985 - were all won by the presidents that called them.

The size of the government majority - 484 out of 577 seats - makes some losses inevitable. But with a poor record on unemployment - which stands at 12.8 per cent - it has chosen a short campaign to give it the greatest advantage. The brevity of the campaign, officially from May 5 to the final round of voting on June 1, gives less time for challengers to get going.

The first week has already seen one very close poll projection, that of Ipsos on Thursday which

gave the left and its allies 284 seats against 292 for the centre-right. Although this was well out of line with other polls which favour the government, it briefly shook the house. But given the suddenness of the election, all polls should probably be mistrusted at this stage.

Yet Mr Jospin has proved himself a vote-getter. He won 46 per cent in the 1995 presidential contest, aided by the civil war inside the Gaullist party between Mr Chirac's supporters and those of Mr Edouard Balladur. And Europe has proved it can divide the French just as evenly, a shade under 49 per cent voted against ratification of the Maastricht treaty in 1992.

The mainstream left and right therefore know that Europe as an issue carries great electoral

opportunities and challenges. Opportunities if the issue aggravates splits among opponents; challenges if opponents can foster divisions.

Nonetheless, Mr Chirac was, apparently, until last winter, still giving some weight to the idea of a referendum later this year on Europe. Rather than a direct referendum on the Maastricht plebiscite on the single currency, he was thinking about a vote on the "softer" aspects of the EU's institutional reform and enlargement to the east in the wake of this year's negotiations.

The play would have redeemed a campaign promise. It would have the merits of giving the president an up-front campaign role. Pro-European Socialists would have been neutralised and the National Front and Commu-

nists forced together where, the former's racism apart, Mr Chirac believes they broadly belong. Having, however, been reminded by Bonn of the near heart-failure in Europe caused by the 1992 referendum, Mr Chirac decided to send Mr Juppé into battle in a different contest.

Personally, Europe is an easy issue for Mr Juppé, who comes to his pro-EU and pro-Euro position without any of the waverings that have afflicted his Elysée master in the past. But the prime minister has to move warily to avoid inciting Eurosceptics within his own Gaullist party such as Mr Philippe Séguin and Mr Charles Pasqua.

Most wracked by tension over Europe are the Socialists. The party never really debated monetary union which was imposed by the late President Mitterrand. It is therefore not surprising that, after seeing the impact on the French economy of the franc fort policy and efforts to meet the Maastricht targets that the party's views on the euro have changed.

There is agreement between the government and the Socialists on three conditions for proceeding with the euro: the creation of a political counterweight to the independent European central bank; promotion of growth and jobs as well as monetary stability; and ensuring the euro is not overvalued against the dollar.

But the party leadership also believes Italy and Spain should join France as founder-members of the euro - to politically balance the more rigorous Germans and their allies. This is likely to be more divisive in the campaign: to hope that other Mediterranean countries join France is one thing; to insist they do as a political precondition is unacceptable to Bonn. This is well understood by those inside the party with their ears well-tuned to the debate in Germany - such as Mr Jacques Delors, former president of the European Commission.

Yet Mr Pierre Moscovici, the prime author of the party's economic platform, this week attacked Brussels's gloomy prognosis of Italy's chance of qualifying for the euro. The broad Socialist line is to say that if they came to power in Paris they would seek to negotiate a deal with Bonn that somehow softened the Maastricht criteria.

All this is music to the ears of the Communists, whose leader, Mr Robert Hue, has hailed the Socialists' "positive evolution" on the euro.

One or two Communists have evolved a bit themselves. A politburo member this week suggested that, instead of a single currency, Europe should aim at a common currency based on the present Ecu basket. But this was precisely the "hard Ecu" proposal of a Mr John Major, then UK chancellor of the exchequer, in 1990, and only emphasises that French Communists are years behind the current debate.

If the Communists were to have much influence on a Socialist government the euro could be in great peril. Much more is at stake in this election than simple party advantage in the National Assembly.

LETTERS TO THE EDITOR

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Investment churning leads managers to focus on short-term share support

From Mr Terry Thomas.

Sir, Barry Riley cites new evidence ("Short-termism revisited and recalculated", April 16) that suggests that institutional investors, far from acting in a short-term manner, in fact hold the majority of stocks for a "typical holding period" of 16 years.

However, he ignores the significance of the constant "tactical adjustments" to which he refers when fund managers churn their holdings. This churn means that senior management develop a bias towards a focus on the short-term support of their share price rather than the long-term

development of their business. In addition, as Tony Jackson highlighted recently in the Financial Times ("The dividends dilemma", March 29), there is also a "malaise" of high dividends and low investment, although he indicates that UK companies do this because "they are told shareholders can achieve better returns than they can themselves".

Institutional investors need to realise they do not act in a vacuum and the end result, as the Commission on Public Policy and British Business has argued, is that many industrial and com-

mercial companies remain hampered by a "short-term deal-making approach".

Encouraging "far-sighted management" remains a pressing objective for society and any institutional investor concerned with Britain's success in the 21st century. Barry Riley's arguments do not relieve them of this responsibility.

Terry Thomas, managing director, The Co-operative Bank, PO Box 161, 1 Balloon Street, Manchester M60 4EP, UK

Getting stuck on basics

From Ms Barbara Green.

Sir, Lucy Kellaway's description ("It must be the food of love, play on", April 21) of fuds - fears, uncertainties, doubts and suggestions - reminds me and my husband of the 1970s "bog roll syndrome". Few management gurus and PCs then, but there were some simple round-the-table discussions with employees. Whatever the organisation and circumstances it often proved difficult to extract ideas that would take us forward as a team. Such meetings generally stuck on the quality of the soap and other lavatorial accessories.

Perhaps management theory should have stopped at Hawthorne and Maslow - although Monday's FT would not then provide such light relief.

Barbara Green, Suzon 162, Mijas-la-Nueva, Mijas 29650, Malaga, Spain

Preoccupied with much more weighty matters

From Dr Gordon Wilkinson.

Sir, We wanted to know the accepted international standard abbreviations for Norwegian kroner, Finnish marks and certain other currencies - NOK,

FIM etc. - and sought the answer by telephoning the Bank of England.

Clearly not interested in matters outside the UK just at the moment, the bank told us to con-

tact travel agent Thomas Cook.

Gordon Wilkinson, managing director, Infocorn, East Grinstead, UK

FT-SE 100 Index in danger of unhealthy domination by banks

From Mr Martin E. Simons.

Sir, With the FT-SE 100 index dominated by nine banks - shortly to be augmented by the Alliance and Leicester, Halifax and Woolwich - 14 utilities and other privatised enterprises, seven insurance groups and other large security holders, it is timely to widen the composition of this key index so that the risk of instability and undue oscillation is reduced and more industrial groups are included. That would make the index more akin to Standard & Poor's 500.

While shareholders are unctuously informed that black holes only occur at competitors, our bankers do not have a particularly good record of prudence. The superb returns currently being earned on shareholder funds by some is encouraging a gaudy rush of building societies, insurance companies and retailers into banking. While the Norwegians and Swiss, to quote but two examples, are endeavouring to reduce the number of banks, the reverse is happening in the UK. This will inevitably

bring inexperienced, more competition, greater risk-taking and danger of a significant upset. That, in turn, could gravely affect the index and confidence. Uncertainty about windfall taxes on utilities, a levy which could readily be extended to others, increases the risk of destabilising the index, while the huge capitalisation of our three leading pharmaceutical groups represents potential danger.

The explosive growth of tracker funds is a further potential rogue factor.

Escalating election of famous companies from the index to allow room for ever more financial institutions and utilities will increase the cost of raising funds for those not favoured.

The Financial Times has the opportunity of injecting, as a matter of urgency, enhanced credibility and greater stability for its authoritative key index by widening its scope.

Martin E. Simons, 24 Grand Avenue, London SW16 6HA, UK

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Rift with Ulster farmers widens as commissioners doubt traceability of BSE in mainland UK

EU damps hopes for end to beef ban

By Maggie Urry and Caroline Southey in Brussels

Hopes for an early lifting of the European Union's ban on UK beef exports receded and a rift between farmers in Ulster and the rest of the UK widened yesterday, after the leading of the contents of a letter from Ms Emma Bonino and Mr Franz Fischler, European Commissioners, to Mr Douglas Hogg, the British agriculture minister.

The letter, dated April 11, was a critical response to a "certified herd scheme" put forward by Mr Hogg in February in an attempt to start lifting the ban. The scheme involved tracing cattle movements to make sure animals for export were not from any herd which had had a case of BSE in the last six years.

The EU imposed a ban on all UK exports of beef in March last year after a possible link was made between bovine spongiform encephalopathy - "mad cow" disease - and a new variant of Creutzfeldt-Jakob disease, the fatal human brain condition.

In the letter Ms Bonino, who is responsible for food safety, and Mr Fischler, the agriculture commissioner, raised doubts over the effectiveness of the UK's cattle movement records in ensuring animals were BSE-free.

They said the computerised tracing system in Northern Ireland meant the scheme could be "relatively simple" to manage there, but that the paper-based records of cattle in mainland Britain meant that "the certification of these animals will depend on the declarations made by the farmer".

Under an earlier export certification scheme, operated before the ban, there had been some evidence of false declarations, said Mr Ian Gardiner, policy director of Britain's National Farmers Union.

He said the commissioners would have been aware of those incidences when writing the letter. "We have to demonstrate the industry is recording all its movements properly in practice not just in theory," he said.

Mr Walter Elliott, president of the Ulster Farmers Union, welcomed the letter, saying it indicated "the European Commission is sympathetic to the circumstances within Northern Ireland".

He called on the UK government to pursue separately the case for the province. "Failure to do so to date was 'one of the greatest injustices ever suffered' by Northern Ireland's farmers," he said.

Meanwhile, Mr Sandy Mole, president of the National Farmers Union of Scotland, accused Mr Hogg of seeking "special status for Northern Ireland". He said that the fact that Northern Ireland's records were on computer rather than on a file did not make them more accurate. Mr Mole said the commissioners' response to the scheme was "deeply worrying for Scotland's beef farmers".

A Commission official said the letter contained "initial comments" from the two commissioners. The Commission would only take a formal view on the UK proposal after it had been considered by the EU's standing veterinary committee, which is due to report by the end of May.

Low profile for Labour's last leader

Lionel Barber finds Neil Kinnock harbours regrets

By Lionel Barber

Neil Kinnock reaches for his third cigarette. Half an hour has passed, and the former leader of Britain's opposition Labour party still acts like a man tiptoeing through a minefield.

With one week to go in the UK election campaign, the European Union commissioner for transport knows his every word will be scrutinised at New Labour headquarters in London.

But as the smoke in his Brussels office coils upwards toward a portrait of Beethoven - his favourite composer - Mr Kinnock finally lets down his guard.

"If I had my time again," he says, "I would take away those four seconds of my life."

Five years ago almost to a day, Mr Kinnock was in Sheffield in the north of England. Labour was leading in the opinion polls. Just as in this year's campaign, victory over the ruling Conservative party appeared tantalisingly within reach.

What happened next has gone down as a historic blunder. Labour held a rally which turned into a premature victory celebration. Mr Kinnock was cast as demagogue. Labour's lead evaporated. The Tories were returned to office.

During a four-hour interview in Brussels, Mr Kinnock agreed to relive the Sheffield rally, while also discussing Europe's role in the UK election campaign, New Labour's campaign tactics, and the future of the Conservative party.

He began by defending Labour's appropriation of the Tory bulldog as a campaign motif. The party had to neutralise the Tory's appeal to patriotism, whether on devolution of

political power to Scotland or European integration.

In this sense, Mr Jacques Santer's attack on Eurosceptics as "merchants of doom" was unhelpful. The Tories seized on the Commission president's remarks as proof of the European Union's federalist ambitions.

"We all live and learn," said Mr Kinnock.

Like his fellow UK commissioner Sir Leon Brittan, Mr Kinnock has been virtually invisible in the campaign. Both deny they have been "muzzled" but their low profile underlines the sensitivity of "Europe".

Mr Kinnock first came to Brussels in 1995, giving him a ringside seat in the battle between Britain and her EU partners on political integration. So where has Mr John Major's government gone wrong?

"They operate on two levels. One is very rational, taking the opportunities which arise... but then there are gestures made to impress the domestic audience," he says. "Member states become concerned about the degree of dependability. The government loses its weight."

Ha adds: "We are not going to help the future of the EU by standing apart. Do we or don't we want to have a role? In Europe we have our neighbours, our customers, and increasingly our trading partners. Nothing can detach ourselves from that reality."

Surely Mr Tony Blair in Downing Street would be trapped by the same constraints of British public opinion? "A prime minister Blair would be very assertive, but assertiveness only gains weight when it is used sparingly."

Mr Kinnock remains loyal



Top: Labour's 1992 rally in Sheffield, which Neil Kinnock unwisely allowed to become a premature victory party. Below: painful memories of the rally still linger five years on

to Mr Blair, even though his successor has ditched socialism and spoken effectively about Mrs Margaret Thatcher, his invincible opponent in the 1980s in Britain.

"Elections are wars," he says. "The mind of the party and the leadership has got to be exclusively focused on fighting to win. I just hope all the parts of the army stand."

Mr Kinnock has no doubt New Labour will win. He reckons their lead in the polls will tighten, but the margin should still be at least 40 seats - a decent majority. The Tories face a split over

Europe, formal or informal.

Yet memories of the 1992 campaign still linger - and they are almost as painful as the subsequent interpretation of Mr Kinnock's "blew it" in Sheffield. This is a myth, he declares.

Reluctantly, he took up the tale. It was, he said, "the last push". Someone proposed holding a rally in which Labour's would-be government team would walk through darkness on to a stage which would suddenly be flooded with light.

He dismissed the idea as pompous, but on the night the mood of the crowd was irresistibly festive.

"I got to the steps and helped David Blunkett

(Labour's blind education spokesman) up on to the stage and walked very calmly. Then the noise hit us like an explosion.

"I just instinctively said: 'Well all right' - like at a jazz concert and at a rock concert. I said it three times, and the audience started to respond."

"I said: 'Now calm down and let's get some talking done.'"

The experience speaks volumes about Mr Kinnock's temperament.

Five years later New Labour is leaving nothing to chance. Whatever private campaign advice he is dispensing, Mr Kinnock's public role is redundant.

Farmers to press for £500m payout

By Maggie Urry

Farmers' leaders are to press the government for more than £500m (£810m) in compensation over the next three years because the strength of the pound will "substantially" reduce farm profits. A further £200m will be due if sterling stays at present levels and triggers another revaluation in June. Half the total would be payable in the current year.

Mr Ian Gardiner, policy director of the National Farmers Union, said as soon as a minister of agriculture had been appointed after next week's general election, the NFU would be "knocking on the door".

So far the UK government has not applied to Brussels for a compensation package, although the Irish government has agreed a similar deal to offset the rise in its currency this year. Other European Union countries which have had revaluations in the past, such as Germany, Belgium, the Netherlands and Denmark, have received compensation.

Mr Douglas Hogg, agriculture minister, has said he is "not minded" to apply for the compensation. His reluctance is partly because the UK government would have to pay half the compensation, with some of the other half being clawed back by Brussels from the UK's budget rebate.

Sterling's repeated devaluations against other European currencies since leaving the exchange rate mechanism in 1992 have lifted UK farmers' profits. In 1996, UK farm incomes dipped by 5 per cent, but they are widely forecast to fall more sharply in 1997 and beyond. Mr Gardiner said the outlook for profits was "extremely worrying".

The rise in sterling against other EU currencies has already caused two revaluations of the "green pound" - the exchange rate at which EU prices and payments are translated from Euro to sterling - this year.

When the green pound is revalued, support prices fall in sterling terms, cutting farm incomes. Under EU rules, national governments can ask for compensation if a revaluation is deemed appreciable - meaning it more than reverses devaluations in the previous three years.

The revaluation in January was partially appreciable, to the extent of 3.27 percentage points of the total 5.4 per cent change, while the whole of the March revaluation of 3.26 per cent was deemed appreciable. A third revaluation, of 2.3 per cent, would be triggered on June 5 if the pound remains at its present level.

Major in pledge to defend pensions

By John Gapper

Mr John Major, the prime minister, insisted yesterday that he would step down rather than abolish the state pension, as the two main political parties clashed over pensions reform with under a week to go before the general election.

Mr Major's pledge to defend the basic pension entitlement came as the main opposition Labour party maintained its criticism of the ruling Conservatives' proposals to move a pay-as-you-go state pension scheme to a fully-funded scheme based on individual

described Labour's attack as "absolutely contemptible", adding that if ministers voted to abolish state pension guarantees against his wishes "I would not only leave Downing Street, I would leave politics".

The exchanges between the parties over the issue came amid a rise in the temperature of the campaign. However, there has been little consistent evidence that Labour's strong lead in the opinion polls has been dented by the Tories.

Polls have continued to show Labour with a lead of up to 20 percentage points, despite one poll in midweek

that showed the party's lead dipping.

Mr Major argued that Labour knew that its claim was false, but was scaremongering. "It really does bring politics down into the gutter when people bring charges like this that they know in their hearts to be false," he said.

Mr Tony Blair, the opposition leader, said Labour had the right to ask detailed questions on the Conservatives' pension policies. He said that it was unclear how a £150bn (£243bn) gap in the scheme's funding over 40 years would be filled.

Separately, the Labour

party presented proposals to reduce teenage and violent crime. The Conservative party has in the past been seen as the party of law and order, but Mr Blair claimed that Labour had more effective policies.

The centre party Liberal Democrats continued to argue that it was the only party willing to increase spending on health and education by a significant amount through taxes.

Twilight of era: Page 7

More news of the election campaign can be found at the Financial Times website <http://www.ft.com>

Official figures strengthen calls for higher interest rates after general election

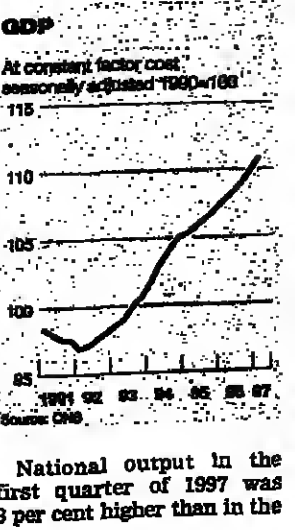
Fastest economic growth for 2½ years

By Richard Adams, Economics staff

Economic growth in Britain has accelerated to its fastest rate for two-and-a-half years, strengthening calls for the brakes to be applied to prevent higher inflation.

The data for the first quarter of 1997 show service industries continuing to outstrip manufacturing, as robust consumer spending contrasted with weak exports.

Gross domestic product rose by 1 per cent between the last quarter of 1996 and the first quarter of 1997, the Office for National Statistics said yesterday.



same quarter last year - both including and excluding oil and gas production. The economy grew by only 2.5 per cent in the year to the fourth quarter of 1996.

The economy grew at a rate equivalent to 4 per cent a year in the first quarter, well above the rate that has proved sustainable in the past without lifting inflation. In the last 20 years, the UK economy has averaged growth of 2 per cent.

Ms Marian Bell, Treasury economist at the Royal Bank of Scotland, said the next chancellor would have little choice but to raise interest rates after next week's general election.

"It is increasingly obvious that we are now in the midst of a boom," she said.

Inflation remains weak within the UK, with the government on course to meet its target of 2.5 per cent in coming months. But the rapid rate of growth in the last quarter suggests higher inflation is on the horizon.

Most analysts expect the next chancellor to agree to the Bank of England's demands for a base rate rise from 6 per cent to 6.25 per cent. But Ms Bell said the latest figures might require a steeper hike. "It's quite possible after this data that the Bank will ask for half a percentage point," she said.

One factor likely to spur further growth is "windfall" bonus payments from former building societies converting to bank status. The RBS said payouts to investors this summer could mean a £10bn injection into the economy, which could push GDP growth to 5 per cent.

Growth in the service industries is already outpacing the rest of the economy. Service production grew by 1.2 per cent in the first quarter, compared with 1.1 per cent in the previous quarter. That meant services grew by 3.9 per cent in the last year, the fastest rate since 1994.

Lex, Page 24

UK NEWS DIGEST

Bomb chaos hits Midlands

Suspected Irish Republican Army terrorists brought renewed chaos to road and rail links in the English Midlands yesterday. A bomb exploded at the foot of an electricity pylon and a series of warnings led to the closure of long stretches of motorway, Luton airport, near London, was also closed for several hours following a bomb alert.

The security alerts led to the closure of parts of the M6 motorway around Birmingham and sections of two other motorways. The police continued their search along sections of the M6 for most of the day. A 15-mile queue built up on the M6 at one stage and there was a six-mile jam on another motorway. The scares were the sixth attempt to disrupt transport in the run-up to next Thursday's general election. Government nervousness about the terror campaign and its determination to minimise its impact was underlined yesterday when the Home Office issued detailed security instructions to electoral officials.

The current security assessment is that the IRA will continue its campaign of disruption on the mainland up to polling day. Although there is no specific intelligence that the IRA intends to bomb polling booths, the security services have not ruled out the possibility of disruption on May 1. Jimmy Burns and Charles Batchelor, London

INWARD INVESTMENT

PCB leader picks European base

Viasystems, a fast-growing US maker of printed circuit boards, has chosen the UK as the centre for its European business operations. The company has set its sights on becoming the world's biggest PCB producer.

Based in St Louis, Missouri, Viasystems took over as Europe's biggest producer of PCBs this week after buying for an undisclosed sum Interconnection Systems, a privately held PCB maker based in South Shields, in north-east England. About \$30m of printed circuit boards - used in most types of electronic goods - are sold worldwide each year. Output is growing at about 8 per cent annually. Viasystems has set up a European headquarters in London which will supervise production from its manufacturing operations in the UK and continental Europe.

The company's UK factories include the South Shields plant of Interconnection Systems, plus others run by Forward, a publicly quoted company which it bought last month for £125m. Production from Viasystems' UK plants this year should total some \$400m. "The UK gives us a sound technology base, with solid processing skills and low costs," said Mr Bob Mills, president and chief operating officer of Viasystems. Peter Marsh, London

ELECTRICITY

Regulator to reject prices report

Oftel, the Northern Ireland electricity and gas regulator, yesterday cast a cloud of uncertainty over the utilities industries by warning it would reject a Monopolies and Mergers Commission report into electricity prices in the province.

The decision on the prices charged by Northern Ireland Electricity, the privatised distribution company, could upset the framework for utilities regulation in which the MMC functions as an appeal court in disputes between companies and their regulators. City analysts said it was "almost unprecedented" for the regulator to refuse to carry out a report by the MMC. Mr Nick Pink, utilities analyst at SBC Warburg, the investment bank, said: "It's a watershed."

Mr Patrick Haren, NIE chief executive, pledged to fight the regulator. The company said "We are consulting our lawyers but we don't believe we [Mr Haren] has the option to reject the MMC's findings." The MMC's proposals were broadly in line with stock market expectations, but Oftel's rejection came as a surprise. In a statement to the stock exchange, Mr Douglas McDoom, the regulator, said he would not accept the modifications to the NIE licence "without an adjustment". John Murray Brown, Belfast

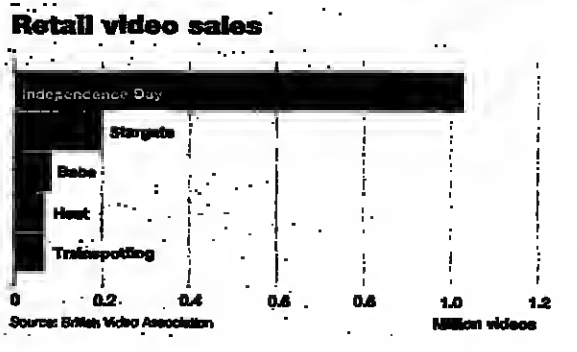
HOME ENTERTAINMENT

Blockbuster helps lift video sales

The video retail market showed strong growth in the first quarter of this year, fuelled by the popularity of the video version of *Independence Day*, last summer's Hollywood blockbuster, which has already sold more than 1m units. Its success contributed to a 14 per cent increase in video sales during the quarter to 11.8m units worth £120m (£194m), according to the latest figures from the British Video Association.

After *Independence Day*, the second best selling feature film on video was *StarGate*, followed by *Babe*, *Heat* and *Trainspotting*. Children's animated films also sold well during the quarter, particularly in the approach to Easter. *Hunchback of Notre Dame* became the number one animated title after selling 563,261 copies, followed by *Winnie the Pooh* with 176,630 and *James and the Giant Peach* with 152,269.

The first quarter buoyancy continues the video retail market trend of recent years. The market, which barely existed until the mid-1980s, was worth £830m in 1996, when it grew by 8 per cent compared with 1995. *Toy Story* and *101 Dalmatians* were the best selling videos of the year. Alice Raussthorpe, London



Britain favourite to win likely Hyundai car plant

By John Griffiths

Hyundai, South Korea's largest carmaker, is at an advanced stage of a feasibility study for a European plant to build 100,000 cars a year. It expects to make a final decision by the end of this year, with the UK as the favoured location.

If the final go-ahead is given, Hyundai Cars would aim to bring the plant on stream just after the end of the decade, creating at least 2,000 direct jobs and many more indirectly.

A number of potential UK and continental European sites have undergone exten-

sive scrutiny. The three leading contenders are understood to be in the west country, near Bristol's Portbury Docks, the former import centre for the nearly 20,000 Hyundai cars sold annually in the UK; north-east England, on a site not far from Nissan's car plant at Sunderland, Tyne and Wear; and Scotland, where Hyundai is investing in electronics manufacturing facilities.

Mr Chung Mong-Gyu, Hyundai's chairman, said the company needed to satisfy itself fully that Europe's car market was capable of absorbing the output of 100,000 units of a single model that the plant would produce. Hyundai's European sales reached 160,000 vehicles last year. However, these were spread over a number of models: the Accent, Lantra and Sonata saloon and estate car ranges, plus a coupe model.

Currently the biggest seller is the Ford Escort-sized Accent, which had European sales of 80,000 last year.

Sourcing the Accent, or its successor, from within Europe, in combination with an increased marketing and distribution initiative, is understood to be Hyundai's favoured course of action.

COMMODITIES AND AGRICULTURE

Interest focuses on palladium

MARKETS REPORT

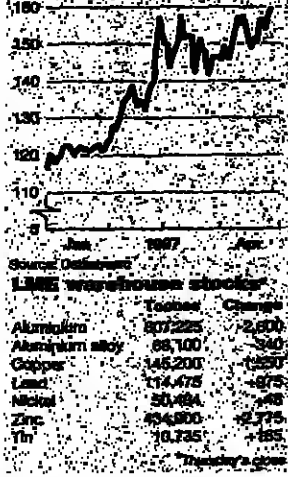
By Gary Mead

There was renewed interest in the precious metal palladium yesterday, when the afternoon "fix" in London was set at \$151.50 an ounce, \$2.50 up on the previous level and its highest level since May 31 1995, when it reached \$163.

Analysts said the jump resulted from persistent tightness in the physical market and continuing confusion over when Russian supplies to Japan might start. With 60 per cent of the world's production, Russia is the biggest supplier of palladium, used mainly in vehicle exhaust catalysts and electronic components.

One analyst said: "Officials from the Russian central bank have been in Japan this week talking about metal sales and that, ironically, has contributed to Japanese nervousness over palladium. Normally Russian finance ministry officials deal with this and the change has unsettled Japanese views about what's going on. Russian export decrees haven't been signed, so everyone is being cautious and just making sure they don't run short of this metal."

Copper spent a quieter day on the London Metal Exchange than for much of the week, amid thin volume. The three-month contract ended the afternoon's "kerf" trade \$1 down at \$2,367 a tonne, with the backwardation - the premium of the spot delivery price - easing to \$185, \$15 down from the



Source: Comex
LME: London Metal Exchange
Palladium price (\$ per troy ounce)

previous day. Dealing in other base metals was equally slack. On the International Petroleum Exchange trading in Brent June crude oil was initially equally flat, slipping five cents to \$18.36 a barrel soon after midday. That moved further down in later trading, reaching \$18.25 later. Traders expected a further downward trend, following a report from the United Nations denying that six UN oil sale monitors had gone missing in northern Iraq.

On the London International Financial Futures Exchange, the May contract for robusta coffee finished the day at \$1,590 a tonne, down \$19, while that for cocoa closed \$10 higher on the day, at \$1,033 a tonne. The volume of trading in both was described by dealers as modest.

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year to date	1997	Low
Gold per troy oz.	\$342.45	+0.75	\$332.00	\$336.85	\$340.35
Silver per troy oz.	231.25p	+0.25	355.95p	390.10p	275.40p
Aluminium 99.7% (cash)	\$1570	+44	\$1585	\$1596.5	\$1418.5
Copper Grade A (cash)	\$229.5	+2.5	\$229.5	\$237.5	\$217.5
Lead (cash)	\$919.5	+7.5	\$901.5	\$918.5	\$878.5
Nickel (cash)	\$7330	+50	\$7301.5	\$7320	\$6945
Zinc SHG (cash)	\$1248.5	+20.5	\$1248.5	\$1261.5	\$1044
Zinc (cash)	\$1035	+5	\$1035	\$1050	\$955
Cocoa Futures May	\$1910	+14	\$1914	\$1914	\$1822
Coffee Futures May	\$281.0	+11.0	\$281.0	\$281.0	\$268.0
Barley Futures May	\$58.00	+0.75	\$58.00	\$58.00	\$56.00
Wheat Futures May	\$29.75	+0.75	\$29.75	\$29.75	\$28.00
Cotton Outlook A Index	78.70c	+0.25	82.25c	80.95c	75.15c
Wool (RWS Super)	407p	+30p	428p	428p	387p
Oil (Brent Blend)	\$16.11x	+0.80	\$15.55x	\$15.95x	\$17.31x

For terms and other information, see p. 10. For a full list of prices, see p. 10.

BASE METALS

LONDON METAL EXCHANGE

(Prices from International Metal Trading)

ALUMINIUM, 99.7% (per troy ounce)

	Sett	Day's	High	Low	Vol	Open
Apr	1569.5	1570.5	1580.0	1560.0	100	1569.5
May	1569.5	1570.5	1580.0	1560.0	100	1569.5
Jun	1569.5	1570.5	1580.0	1560.0	100	1569.5
Jul	1569.5	1570.5	1580.0	1560.0	100	1569.5
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Apr	1569.5	1				

The Labour party's attempt to recreate itself seems to have convinced many UK voters, says John Gapper

Twilight of the Conservatives' era

His speech over, Tony Blair, leader of the British Labour party, makes his way through the crowd on Mitcham Fairgreen in a south London suburb to his nearby "battle bus". The 43-year-old politician grasps outstretched hands and kisses a baby along his path.

A few yards away, John Atkins, a 70-year-old retired printer, recalls a different era: "Politicians like Winston Churchill had personalities that you could either accept, or reject. So many of them today seem colourless. Nobody is prepared to have a positive view in case it offends someone."

He echoes sentiments heard throughout an election campaign that has failed to catch the imagination of the electorate. Despite that, Mr Atkins plans to cast his vote for Mr Blair in the UK general election on May 1, hoping to end 18 years of Conservative rule.

On this visit to two former Tory voters, Mr Blair is far from colourless in the literal sense. His face is a pale shade of orange - make-up applied to ensure he has a healthy glow on television. Yet with a week to go before the election, his party still strains to project him as a man of unwavering beliefs and undiluted passion.

Earlier that morning, Mr Blair had abandoned the customary podium at his morning media briefing to speak without notes at the front of a stage. Behind him in multiple colours - reds on greens, and yellows on blues - were emblazoned Labour's modest promises. Several, such as "Tough on Crime" and "No Income Tax Rises", could as easily have been Tory slogans.

The subliminal message for television viewers was twofold: the party no longer stands for higher public spending and taxation; Mr Blair has the energy and vision to transform Britain without them. The colours told their

own story: Labour is no longer tied to the socialist red adopted as its colour on its formation by trade unions in 1900.

The odds are on "New Labour", the party re-modelled by Mr Blair when he became leader after the death of Mr John Smith in 1994, breaking the Tories' stranglehold on government. Although one opinion poll this week showed Labour's lead over the Conservatives down to 5 percentage points, others gave Mr Blair's party a lead of 20 points.

Labour's lead emerged before Mr John Major called the general election, and the unusually long six-week campaign was designed to unsettle his main rival. The discontent of voters over the Tories' record of economic management and internal disarray over European integration contrasted poorly with Mr Blair's energetic reform of his party throughout last year.

Yet while there have been only sporadic signs of Labour's lead seriously slipping, the campaign has hardly been kind to Mr Blair. He and his party have appeared stiff and wooden, nervous of departing from their set-pieces. The Tory campaign - though dogged by setbacks and internal strife - has been engagingly human by comparison.

Labour's attempts to marshal everything from the design of candidates' leaflets to declarations of support from business leaders and sporting stars, have been well-planned. Much of their strategy was set out in its campaign "war book" - first drafted a year ago, released this week by the Tories to the mild embarrassment of their challengers.

Mr Major's approach has been different, partly because he has had little choice. The Conservatives have been engulfed by a series of embarrassing events during this campaign. The first was "sleaze" - misdemeanours among mainly Tory MPs which

have ranged from sexual liaisons to allegations that cash bribes were accepted in return for asking questions in parliament.

The sleaze issue caused temporary embarrassment and the emergence of Mr Martin Bell, a BBC television reporter famed for his dispatches from the war in Bosnia, as an "anti-corruption" candidate.

The next upset proved more enduring - more than 200 of the Tories' 548 parliamentary candidates declared themselves implacably opposed to the creation of a European single currency in 1999.

When two junior ministers took a similar stand in their election addresses, Mr Major, who favours deferring a decision on the single currency until negotiations are complete, could no longer ignore this challenge to the party line.

His reaction was to try to brush aside internal divisions and paint the Conservatives as the truest opponents of European federalism. Despite the risks, it played peculiarly well to the prime minister's strengths.

The most obvious of these is his ordinariness. Mr Blair was educated at public school - privately-owned schools in the UK - and Oxford University. Mr Major did not go to university and has a humble family background. This has enabled him to play on the British people's sympathy for underdogs and natural distrust of middle-class intellectuals.

Mr Major has also appeared liberated by the campaign. Since the last general election in 1992, bitter divisions over Europe inside the Conservative party have made him appear weak and unable to control events. But on the election trail, the limitations of office have been stripped away.

Apart from the fact that his message on Europe has appealed to some voters, he has appeared a more relaxed and sympathetic



Stage presence: Tony Blair appears to believe, as Rab Butler, that politics is a matter of the heart

figure. At a briefing yesterday on a Labour claim that the Conservatives were poised to abolish the state pension, Mr Blair referred to his father's pension and asked if "anybody in this room" believed he would do such a thing.

The ensuing silence indicated the strength of his personal reputation. Similarly, when he diverted a television election broadcast to appeal directly to voters on Europe despite the party's obvious disarray on the subject, he won himself some admiration. Yet sympathy for Mr Blair has created suspicion about Labour rather than support for the Tories.

Reluctance to vote Conservative again for many is partly due to the feeling of having been let down by Mr Major after the election in 1992, when his government raised taxes to plug a large gap in public finances caused by a recession. The fact that Britain has emerged into a strong recovery, with output rising by 3 per cent in the past year, has not altered this.

There is also a broader sense that decay has been allowed to

erode British institutions, such as the National Health Service, formed by a Labour government after the 1920-45 war, and the state education system. Mr Blair's campaign has tried to play to the belief that a Labour government is more likely to fund such services adequately than the tax-cutting Conservatives.

Yet Labour has been careful not to make promises on public spending that could only be met by large tax rises. The unexpected loss of the 1992 election has led to caution on spending pledges and guarantees that there will be no rise in the basic rates of personal taxation.

This has left Labour with very little room for manoeuvre on public funding. One example is its pledges to devote a mere £100m more to the health service which has an annual budget of £35bn.

Among lessons taken by Labour from the experience of Mr Bill Clinton, the US president, is that voters prefer such incremental changes. As a result it has been outflanked on tax-and-spend

promises by the centre party Liberal Democrats.

Stuck in his self-imposed spending limits, Mr Blair has struggled to appear the radical reformer of his claims. He has based much of his campaign on competence and trust, arguing that he has a record of strong leadership while Mr Major is too weak and indecisive even to implement policies on which the two parties agree.

Indeed, Mr Blair has displayed a bold and radical streak inside the Labour party. As the party employment spokesman in the early 1990s, he handled its tricky relationships with unions, ending its support for trade union closed shops in the face of fierce opposition. As leader, he has persuaded old hands to drop a commitment to nationalisation.

But in the campaign, his caution on what voters will accept has been the dominant note. He talks of Labour becoming a "one nation" party - echoing the paternalist Conservatism of Victorian prime minister Benjamin Disraeli. His main promise has been to galvanise the quality of life in Britain with his personal commitment to improving education.

On stage this week, Mr Blair roared around confidently, his words transmitted to his audience via a microphone clipped to his tie. As he gestured backwards at his colourful slogans, he resembled the speaker at an inspirational management seminar, urging us to allocate our time and resources efficiently.

His appeal to be the chief executive of Britain lacks the romantic appeal of Labour's roots. Yet even those such as Mr Atkins on Mitcham Fairgreen acknowledge that his approach may be the best there is. "The mistake of the past was that Labour tried to go too far and fast. People want slow and realistic progress these days," says Mr Atkins.

If so, Labour is well-placed to take Thursday's election, and implement its modest proposals. Not only union officials, but pensioners and workers in schools and hospitals, have had their expectations suitably lowered. If Labour wins, and Mr Blair becomes prime minister, they can hardly complain that they were not warned.

Patti Waldmeir on Colin Powell's campaign for active citizenship

Step forward America

Glitzy and glitter, sentiment and schmaltz: the American way. Tomorrow in Philadelphia, all four will be harnessed to the cause of public morality and politics, in a grand celebration of American voluntarism.

Presidents past, present (and maybe future) will join film stars, rock bands and business executives to call on the American spirit of private compassion to fill the void in public service left by the downsizing of government. Exit big government, enter the era of bigger, more active citizenship.

Retired General Colin Powell, Gulf War leader and self-declared refusenik of the presidential mantle, will join all the living presidents (except the incapacitated Ronald Reagan) in an attempt to mobilise corporate America and millions of volunteer citizens to combat poverty and moral decay.

President Bill Clinton will be there, bidding for the moral high ground just when the national morality play has him firmly cast as villain. Oprah Winfrey will chat, the Beach Boys will sing, Maya Angelou will recite, Gen Powell will inspire.

The three-day "Presidents' Summit for America's Future" will be an event where politics and morality conveniently converge.

Certainly, the president will easily touch a chord with many Americans, deeply troubled about the state of US society - and especially of the youth, the summit's focus. Tainted by sexual and financial scandals, he struggles to act as moral guiding light to the nation on other subjects. But here he can appeal to a powerful American sense of guilt, and the duties of citizenship, to urge greater civic involvement.

Alexis de Tocqueville, the 19th century social historian, was the first but not the last to notice it: Americans believe they ought to help their neighbours. And even in these days of eroded community spirit, there is still a rich vein of civic duty to be mined.

"We are trying to crack the atom of civic power," Mr Harris Wofford, head of the AmeriCorps youth public service programme, wrote to summit organisers.

Critics of Mr Clinton's

social policies say such experiments would not be needed if government shouldered its responsibility to society. They have organised a counter-demonstration to protest the three-day compassion-fest.

But most voluntary leaders support the summit. They point out that, though surveys show 93m Americans - or 49 per cent - spend four hours a week on voluntary activities, this represents a decline from 54 per cent at the end of the 1980s. Sociologists believe this reflects a decline not just in volunteering, but in the general American penchant for free association, whether in bowling leagues or parent-teacher associations.



Television bears much of the blame, along with working women, according to a study by Professor Robert Putnam of Harvard. He says television "privatises leisure time" and erodes community cohesion. Other forms of free association, including on the Internet, have taken up some of the slack. But he believes the health of civic society - cornerstone of American democracy - remains in peril.

Some communities have responded to the decline by introducing compulsory voluntarism: in the state of Maryland, high school students get no diploma unless they volunteer.

Still, officials of non-profit groups say the "ask factor" remains powerful: Americans will respond if their guilt is played upon (and even more so, if they get a tax break). They hope the presidents will prove a beacon to greater voluntarism, and they are counting on the altruistic appeal of Gen Powell, as well as the

proven communication skills of Mr Clinton.

Much will depend on giving corporations what Gen Powell calls "a guilt trip" - the focus of the summit will be on persuading companies to make more "community investments", and to provide more paid leave for employee volunteers.

For as government withdraws, the corporate sector is under increasing pressure to respond to social needs, and there are some anecdotal signs of greater corporate philanthropy. But the only hard figures, from the Conference Board, the private sector business organisation, show that corporate contributions to charity have halved since the

late 1980s - falling to less than 1 per cent of pre-tax income in 1996.

Mr Boh Dunn, president of San Francisco-based Business for Social Responsibility, says this masks a shift in the nature of corporate contributions. "They have more than just money to give," he says, noting that membership of his organisation has quadrupled to over 800 companies in the last few years.

Companies give equipment, facilities and the time of their employees more than before, he says, and many pursue "strategies which involve greater contribution to the community but fewer dollars".

But the Conference Board says in a report that contributions are becoming more focused and "aligned to business goals". The emphasis is on "investments that yield a measurable return to the company", including image enhancement, and linking

corporate philanthropy more closely with products and with broader "customer concerns". The presidents will try to exploit this trend, trying either to embarrass companies into giving more or persuade them of the public relations benefits of philanthropy. President Clinton will use his favourite slogan, urging companies to "do well by doing good".

Summit organisers say they already have 250 corporate commitments to the summit, including from AT&T, the telecommunications company, which pledged \$50m for community youth enterprises. International Business Machines will underwrite computer equipment and train volunteers for 2,000 community organisations; Walt Disney is offering 1m volunteer community service hours; Lencrafters will provide 1m eyeglasses.

Gen Powell has spoken of forcing companies to pass a "sweat test" and some have agreed to participate in the choreographed clean-up of Philadelphia streets which opens the summit.

Right-wing Republicans such as Mr Rush Limbaugh, the talk-show host, complain the summit is based on plain Democratic corporate-bashing. But true Republican annoyance stems more from the fact that President Clinton is again stealing their political agenda: traditionally, it is conservatives who argue the poor must be succoured by private compassion, not public munificence.

But cuts in the welfare state have left liberals with no choice but to adopt the same argument implicitly - even if they continue to reject it publicly, insisting that the private sector is a partner, not a substitute for government. The timing of the summit - when talks on balancing the federal budget are at a critical stage - makes the argument over the role of government all the more potent.

Technically, of course, the summit is bi-partisan: Gen Powell is a Republican and so is former President George Bush. But unless Gen Powell reverses his refusal to run for president, Democrats are likely to reap the most benefit - especially if Mr Clinton manages to convince Americans that the flip side of small government is big citizenship.

Sun sets on an old chemicals empire

ICI's failure to perform since demerger raises questions about its future, writes Tony Jackson

The price of demerger

On Thursday ICI, the battered remnant of the old Imperial Chemical Industries, announced a two-thirds drop in quarterly profits. The shares fell 3 per cent. This was not a novelty. Since the company demerged four years ago, its shares have underperformed the UK stock market by a quarter.

It was not supposed to be like this. When the old ICI was split in two, the premise was that both parts - the fast-growing pharmaceuticals business of Zeneca, and the mature chemicals business of the new ICI - would be freed at a stroke. Each could pursue the strategies their very different businesses required. Neither would be hampered by the compromises which had bedevilled the old ICI.

It has certainly worked for Zeneca: its market value has roughly tripled. Indeed, from the perspective of shareholders in the old ICI, the whole exercise has been a huge success. In the decade before demerger, ICI underperformed the stock market by a third. Since then the combined value of the two has risen much faster than the market, thanks wholly to Zeneca's stellar performance.

New ICI has paid the price. Its dismal share price record is due only partly to a recent severe downturn in the world chemicals cycle. The stock market is used to cycles and share prices largely discount them. Du Pont, ICI's larger US rival, has outperformed the US market in the past three years.

The question is more whether ICI is equipped to survive on its own. The demerger was prompted by the attention of predators such as Lord Hanson. The company's response was to throw its elderly relative - the chemicals business - off the back of the ledge.

The same is happening again. ICI proposes to float off one of its most cyclical bulk chemicals businesses, titanium dioxide. In time, the other bulk chemicals may follow. ICI is also trying to buy speciality chemicals businesses, such as those of Unilever, the former employer of ICI chief executive Charles Miller Smith. Failing that, the company may cease to exist.



Charles Miller Smith: ICI's chief executive

Does that matter? Some would say it matters a great deal. This is, after all, the company of Nobel, Brunner and Mond: the force which largely discounted holes in the size of cathedrals in the English countryside to make chlorine and caustic soda, and which invented such basic commodities as perspex and polythene. In more practical terms, it remains the nation's chief repository of industrial chemistry.

John Kay, the management theorist, recently drew a telling contrast between ICI's description of itself to years ago and at the time of the break-up.

Its earlier statement of objectives began: "ICI aims to be the world's leading chemical company, serving customers internationally through the innovative and responsible application of chemistry and related sciences." The later began humbly: "Our objective is to maximise value for our shareholders."

For 20 years after the war,

This is debatable, on two counts. First, and more narrowly, Zeneca now has a market value of more than £17bn. It may be a candidate for a merger of equals with another drug company: it is no longer a plausible takeover victim.

Second, Prof Kay begs a more basic question. How important is corporate survival? Some companies, such as Lonrho or Hanson, last only as long as their founders. Others survive for centuries in the extreme case of the Swedish company Stora, for 700 years. In terms of the economy or society as a whole, does it matter either way?

I indeed it does, says Arie de Gens, a management theorist and ex-head of strategy at Shell, in a forthcoming book, *The Living Company*. de Gens argues that the best companies are living organisms; their chief purpose is to secure their own survival. Deny that purpose, and they become mere economic entities: sometimes successful in the short run, but failing eventually to draw on the full talents and energies of their employees.

The opposite case is put by Andrew Campbell of Ashridge Strategic Management Centre. "To have a thriving economy," he says, "you always need new companies coming up - the Microsofts and Intels. You also need companies to drop off and die. The problem is that as companies die, they expend great social resources in the attempt to survive. They are great value destroyers."

It follows that any further break-up of ICI - or a Zeneca merger - would be no more a matter for regret than the original demerger. "You could conclude," Mr Campbell says, "that if ICI has to decline, the way it is going about it is very intelligent."

Indeed, if ICI were to cease to exist, its death would be more apparent than real. The name matters less than the substance; and the reality is that the old chemicals empire of Mond and Nobel has evolved into something different, now called Zeneca. And if Zeneca went on to merge into a larger whole, that would be no novelty either. One of the great mergers in British industrial history came in 1926. It was the formation of ICI.

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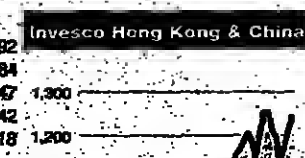
WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,382
HSC Hong Kong Growth	1,284
Gartmore UK Smaller Companies	1,247
Invesco Hong Kong & China	1,242
Abbey Latin American	1,218

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	480
Save & Prosper Korea	532
F&G Japanese Smaller Cos	534
Fidelity Japan Smaller Cos	549
Edinburgh Japan Smaller Cos	550



TOP FIVE OVER 3 YEARS

PM North America Growth	1,887
Hill Samuel US Smaller Cos	1,886
Johnson Fry Slater Growth	1,876
Jupiter European	1,868
Prolific Technology	1,862

BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	457
Fidelity Japan Smaller Cos	463
Five Arrows Japan Smaller Cos	467
Govett Japan Smaller Cos	469
Edinburgh Japan Smaller Cos	492



TOP FIVE OVER 5 YEARS

HSC Hong Kong Growth	3,727
Mercury Gold & General	3,727
Hill Samuel UK Smaller Cos	3,727
GT Orient Acc	3,727
Prolific Technology	3,727

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	381
Friends Prov Japanese Sm Cos	381
Barclays Uni Japan Inc	381
Fidelity Japan Smaller Cos	381
M&G Japan & General Acc	381



TOP FIVE OVER 10 YEARS

HSC Hong Kong Growth	6,371
Mercury Gold & General	6,371
Gartmore UK Smaller Cos	6,371
Hill Samuel US Smaller Cos	6,371
Abbey Latin American	6,371

BOTTOM FIVE OVER 10 YEARS

Old Mutual Thailand Acc	454
Save & Prosper Korea	457
F&G Japanese Smaller Cos	457
Fidelity Japan Smaller Cos	457
Edinburgh Japan Smaller Cos	457



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices

Average Unit Trust	927	1188	1376	2273	3.2	2.5
Average Investment Trust	1079	1214	1304	2292	3.5	2.7
Bank	1035	1112	1215	2100	3.0	2.3
Building Society	1081	1112	1228	2159	3.0	2.3
Stockmarket FTSE All-Share	1389	1464	1561	2387	2.2	3.8
Inflation	1039	1081	1152	1827	3.4	2.4

UK Growth

Johnson Fry Slater Growth	1362	1876	2420	-	3.6	0.9
Jupiter UK Growth	1085	1753	2858	-	3.1	1.6
Perpetual UK Exempt	1118	1818	2644	-	2.7	2.2
Credit Suisse High Income	1021	1809	-	-	3.1	1.1
OM Hartley Growth	1114	1538	2308	-	3.0	0.2
SECTOR AVERAGE	1054	1835	1826	2283	3.0	1.8

UK Growth & Income

Perpetual Income	1112	1517	2258	2881	2.7	2.8
Flaming Select UK Income	1158	1500	1993	2558	2.9	3.4
Lazard UK Income & Growth	1084	1488	1908	2663	2.8	4.1
Fidelity UK Dividend Growth	1082	1487	-	-	2.8	2.3
Gartmore UK Index	1130	1457	1861	-	2.9	3.0
SECTOR AVERAGE	1085	1317	1748	2443	2.9	2.7

UK Smaller Companies

Gartmore UK Smaller Companies	1247	1791	2389	2549	3.4	0.2
Lazard UK Smaller Cos	1198	1758	-	-	3.0	1.1
AES Smaller Companies	1080	1677	2220	-	3.1	0.6
INVESTCO UK Smaller Companies	1117	1655	2637	2280	3.0	1.1
Schroder Smaller Companies Inc	1173	1821	2436	2395	3.1	1.0
SECTOR AVERAGE	1030	1293	1974	2093	3.0	1.4

UK Equity Income

Jupiter Income	1132	1803	3158	-	2.8	4.0
Lazard UK Income	1089	1536	2108	3204	2.7	4.5
River & Mercantile 1st Income	1095	1462	2048	-	2.8	4.0
BWD UK Equity Income	1145	1460	2027	2480	2.9	3.5
Britannia High Yield Inc	1074	1449	2103	3141	2.7	3.9
SECTOR AVERAGE	1083	1288	1807	2488	2.8	4.5

UK Equity & Bond Income

Cazenove UK Equity & Bond	1074	1340	-	-	3.2	6.2
Cler Med Retirement Income Inc	1088	1311	1817	-	2.9	5.5
Prolific English & Intl	1028	1293	1771	2335	2.5	4.5
CIS UK Income	1074	1260	1719	-	2.5	4.1
Prudential Distribution Inc	1050	1255	-	-	1.8	5.3
SECTOR AVERAGE	1042	1202	1657	2035	2.3	5.4

UK Eq & Bd

BWD Balanced Portfolio	1121	1505	2202	-	3.1	1.2
Perpetual High Income	1101	1488	2248	-	2.2	3.2
Credit Suisse High Income Port	1049	1385	2090	-	2.8	4.0
Henry Cooke Balanced	1048	1350	-	-	1.8	2.4
NPI UK Extra Income Inc	1044	1338	1890	-	2.4	3.0
SECTOR AVERAGE	1058	1313	1837	2347	2.5	3.2

Gilt & Fixed Interest

Abstract Fixed Interest	1112	1261	2115	2526	1.7	8.7
M&G Corporate Bond	1118	1251	-	-	-	6.9
Thornhill Preference Inc	1046	1282	1715	2317	1.8	8.2
M&G Gilt & Fixed Interest	1101	1227	1386	1855	2.0	6.4
Britannia Gilt & Fixed Int Inc	1051	1198	1384	-	1.7	8.1
SECTOR AVERAGE	1048	1137	1418	1954	1.7	6.5

International Equity Income

Martin Curle Int'l Income	1040	1257	1916	-	2.7	2.9
GT International Income	1023	1257	1854	2581	2.4	2.8
Dolphin Int'l Gilt & Income	987	1228	1786	1726	2.8	2.2
Meyrower Global Income	1017	1210	1803	2088	2.6	4.1
M&G International Income	1005	1198	1828	2530	2.3	4.3
SECTOR AVERAGE	1009	1185	1796	2116	2.5	3.3

International Fixed Interest

Baring Global Bond	984	1171	1804	-	1.8	6.2
Barclays Uni European Bond Inc	1041	1156	-	-	1.2	5.9
Old Mutual Worldwide Bond Inc	981	1133	1434	-	1.6	5.0
Mercury Global Bond Acc	941	1128	1463	-	1.7	4.9
TSB International Income Inc	949	1106	1388	-	1.7	4.8
SECTOR AVERAGE	918	1025	1348	1610	1.9	5.3

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1068	1327	1948	-	2.1	2.9
Cazenove Portfolio	1008	1308	1888	-	2.0	2.1
Flaming General Opportunities	1100	1300	1710	-	2.5	3.2
Gartmore PS Long Term Balance	1043	1265	1891	-	2.4	2.5
Baillie Gifford Managed	1004	1258	1712	2811	2.4	2.6
SECTOR AVERAGE	998	1183	1620	2265	2.2	2.5

International Growth

Prolific Technology	779	1882	3170	4241	6.4	-
Franklin Health	770	1768	2314	4657	6.9	-
Save & Prosper Growth	1128	1628	2686	3466	2.8	1.7
Guinness Flight Global Privt	1119	1433	-	-	3.7	1.1
Fidelity Global Privatisation	1033	1400	-	-	3.7	0.3
SECTOR AVERAGE	955	1150	1770	2133	3.2	1.0

Nth America

PM North America Growth	994	1887	2882	4088	4.5	0.0
Hill Samuel US Smaller Cos	914	1885	2789	5451	5.3	-
Edinburgh North American	1063	1758	2781	3219	3.5	0.8
Martin Curle North America	1024	1679	2418	2818	3.2	0.0
Lazard North America Growth	943	1650	2024	2338	3.6	-
SECTOR AVERAGE	986	1401	2057	2798	3.9	0.5

Europe

Jupiter European	1162	1868	3061	-	3.3	0.2
Baring Europe Select	1130	1736	2684	2676	3.5	0.8
Friends Prov European Gth	1089	1640	2362	-	2.7	-
Gartmore European Sel Opps	1060	1628	2682	2910	2.8	-
Allied Dunbar European Growth	1112	1623	2548	2820	3.7	0.1
SECTOR AVERAGE	1085	1527	2029	2513	3.0	0.8

Japan

GT Japan Growth	886	879	1484	1282	3.2	-
Murray Japan Growth	733	831	-	-	4.2	0.2
Martin Curle Japan	762	823	1885	-	4.7	-
Henderson Emerg Japan	725	811	1483	829	4.9	-
Hill Samuel Japan Technology	699	796	1818	2058	5.5	0.5
SECTOR AVERAGE	687	647	1214	1041	4.7	0.2

Far East inc Japan

Govett Greater China	1114	1170	2415	3105	4.1	-
Abstract Pacific	838	1061	2080	3057	4.0	0.3
Martin Curle Far East	872	985	1794	1963	4.2	0.2
Thornhill Oriental Income Inc	931	978	1826	2287	3.4	0.3
GAM Far East Inc	817	971	1872	2725	4.2	0.2
SECTOR AVERAGE	808	882	1732	2002	4.0	0.6

Far East ex Japan

HSC Hong Kong Growth	1284	1637	3482	6371	6.3	0.9
GT Orient Acc	1017	1336	3171	-	5.8	0.1
INVESTCO Hong Kong & China	1242	1515	2709	4149	6.2	0.5
Credit Suisse Orient Acc	900	1231	-	-	5.8	-
Friends Prov Australian	871	1226	2046	4112	4.2	-
SECTOR AVERAGE	854	886	2103	3980	6.3	0.6

Commodity & Energy

M&G Australian & General Acc	1033	1324	2156	1436	5.0	1.7
M&G Commodity & General	857	1212	2110	2122	4.5	0.3
Save & Prosper Commodity	783	1073	1762	1678	6.5	-
Mercury Gold & General	674	1008	2280	-	7.2	0.4
Save & Prosper Gold & Exptn	600	896	2821	852	8.7	-
SECTOR AVERAGE	705	1019	2110	1362	5.8	0.5

Best Peps

Johnson Fry Slater Growth	1362	1876	2420	-	3.6	0.9
Jupiter UK Growth	1085	1753	2858	-	3.1	1.6
Perpetual UK Exempt	1118	1818	2644	-	2.7	2.2
Credit Suisse High Income	1021	1809	-	-	3.1	1.1
OM Hartley Growth	1114	1538	2308	-	3.0	0.2
SECTOR AVERAGE	1054	1835	1826	2283	3.0	1.8

Money Mkt

Midland Money Market	1045	1141	1248	-	0.2	5.2
M&G Treasury	1048	1140	-	-	-	5.9
Newport Cash Acc	1044	1139	1254	-	0.2	5.3
CU Deposit	1043	1138	1253	-	0.0	5.3
Mercury Cash Acc	1044	1134	1252	-	0.0	5.8
SECTOR AVERAGE	1039	1126	1235	-	0.2	5.3

Investment Trust Units

Quilter Investment Trusts Inc	1066	1283	2251	-	3.3	0.6
Quilter High Inc Inv Trst Acc	1059	1194	-	-	2.9	3.4
Equitable Trust of Invest Trst	1003	1170	2025	2970	2.8	1.2
Singer & Friedlander Inv Trst	1020	1188	-	-	2.6	2.3
Exeter Fund of Investment Trst	983	1167	2091	-	3.0	0.5
SECTOR AVERAGE	985	1139	1850	2411	2.9	2.1

Fund of Funds

Morgan Grenfell Managed Inc	991	1282	2017	-	2.2	1.9
Sun Alliance Portfolio	1019	1280	1903	-	2.7	1.2
Schroder Managed Bal Acc Inc	1006	1276	1859	-	2.3	5.8
OM Charterfield Securities	932	1273	-	-	4.2	-
Britannia Managed Portfolio Inc	1002	1267	2046	-	3.0	1.2
SECTOR AVERAGE	981	1139	1885	1944	2.5	2.0

Financial & Property

Save & Prosper Financial Secs	1208	1727	2907	3404	3.1	1.1
Franklin Financial	1105	1475	2791	3544	2.7	0.5
Hill Samuel Financial	1136	1431	2381	3185	2.9	1.4
Edinburgh Financial	1089	1289	2122	2888	3.5	1.3
Barclays Uni Property	1033	1121	1284	-	0.8	4.8
SECTOR AVERAGE	1103	1318	2129	3108	2.5	2.8

■ Global Emerging Mkts						
Mercury Emerging Markets	1032	1190	-	-	5.5	0.1
Stewart Ivory Emerging Market	1060	1158	-	-	5.1	0.8
City of London Emerging Mkts	944	1030	2836	2264	4.2	-
Schroder Global Emerging Mkts	921	1014	-	-	5.4	-
Save & Prosper Emerging Mkts	886	957	-	-	5.7	0.4
SECTOR AVERAGE	984	988	1790	2443	5.3	0.3

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Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit Price	Unit 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Offshore Funds and Insurances

FT Managed Funds Service
 FT Capital Unit Trust Prices are available over the telephone. Call the FT Capital Help Desk on (444 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Fund Name			Fund Name			Fund Name		
Currency			Currency			Currency		
Units			Units			Units		
Price			Price			Price		
YTD %			YTD %			YTD %		
12 M %			12 M %			12 M %		
3 Y %			3 Y %			3 Y %		
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Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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WORLD STOCK MARKETS

UNITED STATES (Apr 25 / US

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AUSTRIA (A)

ANAL	1,930	-10	1,940	1,950	1,960	1,970	1,980	1,990	2,000	2,010	2,020	2,030	2,040	2,050	2,060	2,070	2,080	2,090	2,100	2,110	2,120	2,130	2,140	2,150	2,160	2,170	2,180	2,190	2,200	2,210	2,220	2,230	2,240	2,250	2,260	2,270	2,280	2,290	2,300	2,310	2,320	2,330	2,340	2,350	2,360	2,370	2,380	2,390	2,400	2,410	2,420	2,430	2,440	2,450	2,460	2,470	2,480	2,490	2,500	2,510	2,520	2,530	2,540	2,550	2,560	2,570	2,580	2,590	2,600	2,610	2,620	2,630	2,640	2,650	2,660	2,670	2,680	2,690	2,700	2,710	2,720	2,730	2,740	2,750	2,760	2,770	2,780	2,790	2,800	2,810	2,820	2,830	2,840	2,850	2,860	2,870	2,880	2,890	2,900	2,910	2,920	2,930	2,940	2,950	2,960	2,970	2,980	2,990	3,000	3,010	3,020	3,030	3,040	3,050	3,060	3,070	3,080	3,090	3,100	3,110	3,120	3,130	3,140	3,150	3,160	3,170	3,180	3,190	3,200	3,210	3,220	3,230	3,240	3,250	3,260	3,270	3,280	3,290	3,300	3,310	3,320	3,330	3,340	3,350	3,360	3,370	3,380	3,390	3,400	3,410	3,420	3,430	3,440	3,450	3,460	3,470	3,480	3,490	3,500	3,510	3,520	3,530	3,540	3,550	3,560	3,570	3,580	3,590	3,600	3,610	3,620	3,630	3,640	3,650	3,660	3,670	3,680	3,690	3,700	3,710	3,720	3,730	3,740	3,750	3,760	3,770	3,780	3,790	3,800	3,810	3,820	3,830	3,840	3,850	3,860	3,870	3,880	3,890	3,900	3,910	3,920	3,930	3,940	3,950	3,960	3,970	3,980	3,990	4,000	4,010	4,020	4,030	4,040	4,050	4,060	4,070	4,080	4,090	4,100	4,110	4,120	4,130	4,140	4,150	4,160	4,170	4,180	4,190	4,200	4,210	4,220	4,230	4,240	4,250	4,260	4,270	4,280	4,290	4,300	4,310	4,320	4,330	4,340	4,350	4,360	4,370	4,380	4,390	4,400	4,410	4,420	4,430	4,440	4,450	4,460	4,470	4,480	4,490	4,500	4,510	4,520	4,530	4,540	4,550	4,560	4,570	4,580	4,590	4,600	4,610	4,620	4,630	4,640	4,650	4,660	4,670	4,680	4,690	4,700	4,710	4,720	4,730	4,740	4,750	4,760	4,770	4,780	4,790	4,800	4,810	4,820	4,830	4,840	4,850	4,860	4,870	4,880	4,890	4,900	4,910	4,920	4,930	4,940	4,950	4,960	4,970	4,980	4,990	5,000	5,010	5,020	5,030	5,040	5,050	5,060	5,070	5,080	5,090	5,100	5,110	5,120	5,130	5,140	5,150	5,160	5,170	5,180	5,190	5,200	5,210	5,220	5,230	5,240	5,250	5,260	5,270	5,280	5,290	5,300	5,310	5,320	5,330	5,340	5,350	5,360	5,370	5,380	5,390	5,400	5,410	5,420	5,430	5,440	5,450	5,460	5,470	5,480	5,490	5,500	5,510	5,520	5,530	5,540	5,550	5,560	5,570	5,580	5,590	5,600	5,610	5,620	5,630	5,640	5,650	5,660	5,670	5,680	5,690	5,700	5,710	5,720	5,730	5,740	5,750	5,760	5,770	5,780	5,790	5,800	5,810	5,820	5,830	5,840	5,850	5,860	5,870	5,880	5,890	5,900	5,910	5,920	5,930	5,940	5,950	5,960	5,970	5,980	5,990	6,000	6,010	6,020	6,030	6,040	6,050	6,060	6,070	6,080	6,090	6,100	6,110	6,120	6,130	6,140	6,150	6,160	6,170	6,180	6,190	6,200	6,210	6,220	6,230	6,240	6,250	6,260	6,270	6,280	6,290	6,300	6,310	6,320	6,330	6,340	6,350	6,360	6,370	6,380	6,390	6,400	6,410	6,420	6,430	6,440	6,450	6,460	6,470	6,480	6,490	6,500	6,510	6,520	6,530	6,540	6,550	6,560	6,570	6,580	6,590	6,600	6,610	6,620	6,630	6,640	6,650	6,660	6,670	6,680	6,690	6,700	6,710	6,720	6,730	6,740	6,750	6,760	6,770	6,780	6,790	6,800	6,810	6,820	6,830	6,840	6,850	6,860	6,870	6,880	6,890	6,900	6,910	6,920	6,930	6,940	6,950	6,960	6,970	6,980	6,990	7,000	7,010	7,020	7,030	7,040	7,050	7,060	7,070	7,080	7,090	7,100	7,110	7,120	7,130	7,140	7,150	7,160	7,170	7,180	7,190	7,200	7,210	7,220	7,230	7,240	7,250	7,260	7,270	7,280	7,290	7,300	7,310	7,320	7,330	7,340	7,350	7,360	7,370	7,380	7,390	7,400	7,410	7,420	7,430	7,440	7,450	7,460	7,470	7,480	7,490	7,500	7,510	7,520	7,530	7,540	7,550	7,560	7,570	7,580	7,590	7,600	7,610	7,620	7,630	7,640	7,650	7,660	7,670	7,680	7,690	7,700	7,710	7,720	7,730	7,740	7,750	7,760	7,770	7,780	7,790	7,800	7,810	7,820	7,830	7,840	7,850	7,860	7,870	7,880	7,890	7,900	7,910	7,920	7,930	7,940	7,950	7,960	7,970	7,980	7,990	8,000	8,010	8,020	8,030	8,040	8,050	8,060	8,070	8,080	8,090	8,100	8,110	8,120	8,130	8,140	8,150	8,160	8,170	8,180	8,190	8,200	8,210	8,220	8,230	8,240	8,250	8,260	8,270	8,280	8,290	8,300	8,310	8,320	8,330	8,340	8,350	8,360	8,370	8,380	8,390	8,400	8,410	8,420	8,430	8,440	8,450	8,460	8,470	8,480	8,490	8,500	8,510	8,520	8,530	8,540	8,550	8,560	8,570	8,580	8,590	8,600	8,610	8,620	8,630	8,640	8,650	8,660	8,670	8,680	8,690	8,700	8,710	8,720	8,730	8,740	8,750	8,760	8,770	8,780	8,790	8,800	8,810	8,820	8,830	8,840	8,850	8,860	8,870	8,880	8,890	8,900	8,910	8,920	8,930	8,940	8,950	8,960	8,970	8,980	8,990	9,000	9,010	9,020	9,030	9,040	9,050	9,060	9,070	9,080	9,090	9,100	9,110	9,120	9,130	9,140	9,150	9,160	9,170	9,180	9,190	9,200	9,210	9,220	9,230	9,240	9,250	9,260	9,270	9,280	9,290	9,300	9,310	9,320	9,330	9,340	9,350	9,360	9,370	9,380	9,390	9,400	9,410	9,420	9,430	9,440	9,450	9,460	9,470	9,480	9,490	9,500	9,510	9,520	9,530	9,540	9,550	9,560	9,570	9,580	9,590	9,600	9,610	9,620	9,630	9,640	9,650	9,660	9,670	9,680	9,690	9,700	9,710	9,720	9,730	9,740	9,750	9,760	9,770	9,780	9,790	9,800	9,810	9,820	9,830	9,840	9,850	9,860	9,870	9,880	9,890	9,900	9,910	9,920	9,930	9,940	9,950	9,960	9,970	9,980	9,990	10,000	10,010	10,020	10,030	10,040	10,050	10,060	10,070	10,080	10,090	10,100	10,110	10,120	10,130	10,140	10,150	10,160	10,170	10,180	10,190	10,200	10,210	10,220	10,230	10,240	10,250	10,260	10,270	10,280	10,290	10,300	10,310	10,320	10,330	10,340	10,350	10,360	10,370	10,380	10,390	10,400	10,410	10,420	10,430	10,440	10,450	10,460	10,470	10,480	10,490	10,500	10,510	10,520	10,530	10,540	10,550	10,560	10,570	10,580	10,590	10,600	10,610	10,620	10,630	10,640	10,650	10,660	10,670	10,680	10,690	10,700	10,710	10,720	10,730	10,740	10,750	10,760	10,770	10,780	10,790	10,800	10,810	10,820	10,830	10,840	10,850	10,860	10,870	10,880	10,890	10,900	10,910	10,920	10,930	10,940	10,950	10,960	10,970	10,980	10,990	11,000	11,010	11,020	11,030	11,040	11,050	11,060	11,070	11,080	11,090	11,100	11,110	11,120	11,130	11,140	11,150	11,160	11,170	11,180	11,190	11,200	11,210	11,220	11,230	11,240	11,250	11,260	11,270	11,280	11,290	11,300	11,310	11,320	11,330	11,340	11,350	11,360	11,370	11,380	11,390	11,400	11,410	11,420	11,430	11,440	11,450	11,460	11,470	11,480	11,490	11,500	11,510	11,520	11,530	11,540	11,550	11,560	11,570	11,580	11,590	11,600	11,610	11,620	11,630	11,640	11,650	11,660	11,670	11,680	11,690	11,700	11,710	11,720	11,730	11,740	11,750	11,760	11,770	11,780	11,790	11,800	11,810	11,820	11,830	11,840	11,850	11,860	11,870	11,880	11,890	11,900	11,910	11,920	11,930	11,940	11,950	11,960	11,970	11,980	11,990	12,000	12,010	12,020	12,030	12,040	12,050	12,060	12,070	12,080	12,090	12,100	12,110	12,120	12,130	12,140	12,150	12,160	12,170	12,180	12,190	12,200	12,210	12,220	12,230	12,240	12,250	12,260	12,270	12,280	12,290	12,300	12,310	12,320	12,330	12,340	12,350	12,360	12,370	12,380	12,390	12,400	12,410	12,420	12,430	12,440	12,450	12,460	12,470	12,480	12,490	12,500	12,510	12,520	12,530	12,540	12,550	12,560	12,570	12,580	12,590	12,600	12,610	12,620	12,630	12,640	12,650	12,660	12,670	12,680	12,690	12,700	12,710	12,720	12,730	12,740	12,750	12,760	12,770	12,780	12,790	12,800	12,810	12,820	12,830	12,840	12,850	12,860	12,870	12,880	12,890	12,900	12,910	12,920	12,930	12,940	12,950	12,960	12,970	12,980	12,990	13,000	13,010	13,020	13,030	13,040	13,050	13,060	13,070	13,080	13,090	13,100	13,110	13,120	13,130	13,140	13,150	13,160	13,170	13,180	13,190	13,200	13,210	13,220	13,230	13,240	13,250	13,260	13,270	13,280	13,290	13,300	13,310	13,320	13,330	13,340	13,350	13,360	13,370	13,380	13,390	13,400	13,410	13,420	13,430	13,440	13,450	13,460	13,470	13,480	13,490	13,500	13,510	13,520	13,530	13,540	13,550	13,560	13,570	13,580	13,590	13,600	13,610	13,620	13,630	13,640	13,650	13,660	13,670	13,680	13,690	13,700	13,710	13,720	13,730	13,740	13,750	13,760	13,770	13,780	13,790	13,800	13,810	13,820	13,830	13,840	13,850	13,860	13,870	13,880	13,890	13,9
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ADNA	131.50	-2.145
AEGON	138.90	-2.20
AEGON	138.90	-2.20

[illegible]

4-6	Solid	1.10m	1.10m
4-6	Solid	1.10m	1.10m
4-6	Solid	1.10m	1.10m
4-6	Solid	1.10m	1.10m

[illegible]
Rockwell

<http://www.rockwell.com>

US INDICES

[illegible]

SOUTH AFRICA (Apr 25 / Rand)

[illegible]

HL-ampd	14.50%	-10	16
HE-ampd	85.75	-25	97.90
Harb-1	10.43	-85	72.5

[illegible][illegible]

COMPANIES AND FINANCE

Raider routed without a hint of triumph

Mr Graham Melmoth's fierce defence of the Co-operative Wholesale Society this week swept aside the £1.2bn (\$1.94bn) attack by entrepreneur Mr Andrew Regan - but yesterday his mood was more sorrowful than triumphant.

"We get absolutely no satisfaction from this," Mr Melmoth, CWS chief executive, told a press conference in the City. If there were a choice, he would have preferred to go back to before February 6, when news broke of Mr Regan's putative bid.

CWS managers, subdued in victory, demand higher levels of probity and integrity in the City, writes David Blackwell

Mr Melmoth said the affair had struck at the heart of the City, which prided itself on self-regulation. But that demanded high levels of probity and integrity - and those standards had been put under question.

Mr Regan withdrew his planned bid on Thursday after Nomura - the prospective financial backer - got cold feet. The CWS resorted to the High Court after pri-

vate investigators uncovered evidence that confidential information was being leaked to Mr Regan.

Mr Brian Keelan, the CWS's adviser at SBC Warburg, said it had not been a good week for the City. He disclosed that the Regan camp had been approached with evidence gathered by the CWS on Monday in an attempt to have the bid pulled. He had been astonished

by weekend reports that Mr Regan was going ahead after the court injunction obtained by the CWS on Friday last week.

Mr Melmoth, without a trace of irony, said Mr Regan had made one fundamental error - "he did not recruit someone who actually understood the co-operative movement". Mr Allan Greco, the executive suspended last week who has admitted

under oath supplying confidential information to Mr Regan, joined only in 1980 from Booker.

Mr Melmoth described Mr Green as a highly regarded colleague "from whom I withheld nothing". As a result of his actions "material absolutely vital to the society has gone cascading around the City". Both Mr Melmoth and Mr Lennox Fyfe, CWS chairman, emphasised that the CWS should not be regarded like a public company. The 133-year-old institution was part of the fabric of British society, playing a vital community role. It had not put its business up for sale, and the City should not regard it as "in play".

The CWS has withdrawn membership application forms from its stores, in response to concerns that "carpetbaggers" are seeking a windfall pay-out, writes Chris Tigne. They will be redesigned to elicit more information from applicants.

BAT gives costs warning

By Christopher Adams

BAT Industries, the tobacco and financial services conglomerate, yesterday put a warning to investors with a computer system to convert its computer systems to tackle the "Millennium Bomb" problem at the turn of the century would cost it between £40m and £50m.

"This is thought to be the first time a UK company has publicly estimated the cost of tackling a problem which some experts predict will cause severe disruption to businesses around the world. The Millennium Bomb is a legacy from the early days of computing, when years were stored as two digits rather than four. As a result,

machines will be unable to distinguish between 1900 and 2000 as both years are stored as '00'. A government body recently put the reprogramming cost at £31bn.

Responding to reports that US cigarette manufacturers are edging towards an agreement which would end litigation against them, Lord Cairns, chairman, told the annual meeting in Looe that BAT was prepared "to evaluate proposals made to us which provide relief from all current and future lawsuits".

Philip Morris, the US tobacco group, has said it too would consider proposals for ending the raft of lawsuits against it.

The demerger of BAT's financial services arm remains a possibility.

Hush descends on Hambros

By George Graham

Silence fell on the Tower Hill offices of Hambros, Galileo's merchant bank adviser, after the name was added to the court injunction obtained by the CWS against the use of its confidential documents.

On the advice of its lawyers, Allen & Overy, Hambros refused to comment on the Co-op affair. Investment banking rivals warned, however, that whatever the outcome of the legal proceedings, Hambros' reputation could suffer.

"I think it could damage them. The old adage about reputations is that it takes 10 years to build one up, and 10 minutes to blow it," said one corporate financier.

Hambros is no stranger to adventurous deals. In 1990 it advised Hovlaka, the consortium led by Sir James Goldsmith which bid £13.5bn in an unsuccessful attempt to break up BAT. More recently, the bank has faced leaner times. It has overhauled its management, moving Sir Chips Keswick into the chairmanship, and is reducing dependence on lending, in which it is hard pressed to compete with larger banks.



Sir Chips Keswick: will move into Hambros' chairmanship

in favour of more fee-based advisory work.

Under Mr Nigel Pantling, a former Home Office official who joined from Schroders in 1994, Hambros has expan-

ded its corporate finance department, recruiting a number of new faces - including Mr Peter Large, a former SBC Warburg banker who brought Mr Andrew

Regan with him as a client. Like other corporate finance teams in the City, the new recruits faced pressure to bring in the deals to justify their salaries.

But although Hambros reported in November that it was "regaining momentum", it remains a fringe corporate finance player. Yesterday, a senior corporate financier at another London bank said: "For a bank like Hambros a lot of things need to go right for it to get back to the centre of things, and at best this looks like a defeat."

Apart from the questions raised about whether Hambros should have taken Mr Regan as a client, the outcome of the bid can only be chalked up as a failure.

"Goldman Sachs did not come out terribly well from the Krupp bid, but Hambros is not Goldman Sachs," commented another banker, referring to the abandoned bid last month by the German steelmaker for Thyssen.

Oce consolidation for Hambros yesterday was the silence of Regent Pacific, the Hong Kong-based investor that has taken a small stake in the company and severely criticised its management.

BAA to be hit by terminal delay

By Michael Skapinker, Aerospace Correspondent

BAA said yesterday that its 1996-97 pre-tax profits would be reduced by £53m (\$85.9m) because it had changed its accounting policy as a result of the delay in winning approval for Heathrow airport's Terminal Five.

Though it had been capitalising interest on the terminal since 1990, the airports group had decided it was no longer appropriate to do so until it had received planning permission and government approval for the project.

BAA said it had hoped to

receive approval by now but the public inquiry, which began in May 1995, is not expected to end until the middle of next year. A government decision is not expected until early 2000.

By the end of last year, BAA said, cumulative expenditure on Terminal Five was £178m, of which 26 per cent, or £49m, was capitalised interest, a proportion which was growing.

Accounts for the year to March 31 will show no capitalisation of interest on Terminal Five and all interest previously accumulated will be written off.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Alpha Airports	Yr to Jan 31	664.9 (552.9)	7.84 (20.6)	24.1L (1.76)	3.5t	July 11	3.25	5.25
Goodwork Insurance Co	Yr to Dec 31	3.76 (1.76)	2.51L (0.2954)	182.74 (18.5)	45	June 13	43	59
Halt (Joseph)	Yr to Dec 31	29.8 (29.1)	0.29 (0.29)	0.01L (0.11)	nil	June 13	12	15
Millwall Bridge	6 mths to Mar 31	1.99 (1.93)	0.05L (0.376)	0.01L (0.11)	nil	June 13	12	15
Singapore (HS)	Yr to Dec 31	14.3 (13.8)	0.47 (0.443)	33.4 (33.3)	12	July 3	12	15
United Auctions Co	Yr to Jan 31	10.2 (5.86)	2.09P (0.845P)	88.4 (32.8)	5	May 23	4	8
Investment Trusts	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Aberdeen European	Yr to Feb 28	123.52 (111.73)	0.393 (0.425)	1.15 (1.24)	1.1	July 17	1.1	1.1
British Empire	6 mths to Mar 31	131.01 (123.38)	1.1 (1.06)	0.59 (0.6)	0.25	June 13	0.25	1.03
British	Yr to Mar 31	268 (270)	20.9 (22.9)	6.69 (7.34)	3.3	May 20	3.3	5.6
General Income	Yr to Mar 31	43.54 (76.39)	5.41 (4.04)	7.49L (9.07)	1.74	May 30	3.165	7.2
Investment High Inc	3 mths to Mar 31	157.5 (152.2)	0.436 (0.418)	1.4 (1.74)	1.65	July 31	1.6	6.45
IAS Enterprise	6 mths to Mar 31	-	-	-	-	-	-	2.3
Jupiter Extra Inc	6 mths to Mar 31	-	-	-	-	-	-	7.88
New City & County	Yr to Jan 31	139.6 (131.2)	0.735 (0.933)	5.78 (7.35)	3.2	June 13	3	4.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. For increased capital. Dividend stock. *Comparatives restated. *Includes 1.3p conditional special. *1.7p also payable in income shareholders.

Salvesen makes £75m US disposal

By Charles Gresser

Christian Salvesen yesterday sold its US refrigerated warehousing business for £75.2m, (\$121.8m) marking the end of a 10-year process during which the company has sold off some 15 businesses ranging from fruit farms in California to a brickmaking business in Manchester.

Mr Chris Masters, chief executive, said yesterday: "What we have now is a very strong European logistics business and a global specialist hire business. There is nothing more to be sold". He added that the company was on target to complete its Aggreko hire business from the logistics operation by the second half of 1997. This will require approval from shareholders at an extraordinary meeting - the company's second in a year.

Last month, the Salvesen board faced down a shareholders' revolt led by Sir Gerald Elliot, a former chairman. He opposed the company's plan to pay out £100m in a special dividend linked

to a share consolidation as a prelude to the demerger.

The board eventually won 69.3 per cent of votes cast at last month's meeting, after sitting through two hours of criticism from disaffected investors. Shareholders received their special dividends at the end of March.

The cash proceeds from yesterday's deal will be used to reduce debt, which currently stands at about £220m. This should leave the company with gearing of some 70 per cent, which Mr Masters said was a comfortable level, given the asset-backed nature of the Salvesen business.

Salvesen sold its 17 US refrigerated warehouses to Security Capital Industrial Trust, the US-based industrial property company. The business made operating profits of £8.5m in the year to March 1996, with net assets of £36.9m.

Under the terms of the deal, the buyers can claw back up to £3.7m from Salvesen if a key contract is ended within five years, basis.

Regal buys 13 hotels from Whitbread

By Scheherazade Daneshkhu

Regal Hotel Group yesterday continued its aggressive expansion by agreeing to buy 13 hotels from Whitbread, the UK brewer and leisure group, for £64.5m (\$104.5m) cash.

The acquisition marks Whitbread's exit from the three-star market and follows Regal's £121.7m purchase a year ago of the White Hart chain of hotels from Granada.

That deal quadrupled Regal's size. Whitbread's 13 Country Club hotels will give Regal a total of 95 hotels and increase the number of its rooms to 5,170.

Mr Charles Vera Nicoll, executive chairman of Regal, described the latest acquisition as a "bolt-on rather than a sea change" as the White Hart purchase had

been. He ruled out further acquisitions for the time being.

The group, advised by Guinness Mahon, is raising money in three ways to fund the purchase. A placing and open offer of 48.5m new ordinary shares at 54p and 8.7m new convertible preference shares at 120p, fully underwritten by Guinness Mahon, will raise £34.6m net of expenses. Last year's share placing for the White Hart acquisition was at 42p.

A further £35m is being raised through the issue of a 9-year debenture stock underwritten by Salomon Brothers and Kleinwort Benson.

The Country Club hotels made operating profits of £5m on turnover of £24.3m in the year to March 31 1997. The purchase price was above book value.

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Dow slips on renewed rate fears

AMERICAS

US stock prices came under renewed pressure amid fears of further rate rises and mixed corporate news, writes *Tracy Corrigan* in New York.

The Dow Jones Industrial Average was 55.39 lower at 6,786.86 at the end of morning trading, while the broader Standard & Poor's 500 index was 4.45 lower at 766.73. Volume was relatively light.

The technology-driven Nasdaq market, which had failed to share in the recent rally in blue-chip stocks, also fell, losing 11.27 at 1,218.83, close to its low for the year. It was still 12.3 per cent off its peak, reached in January. Intel shed \$1 to \$145.45, though Microsoft gained \$4 to \$114.94.

Tobacco stocks were hit after a court ruling which appeared less favourable to the industry than had been expected. The industry was seen as having lost an important round in its battle against mounting anti-tobacco pressure, when a Federal judge rejected the industry's claim that the FDA had no right to regulate it. Philip Morris shares fell \$2 to \$39.40 while RJR Nabisco dropped \$1 to \$29.74.

Electronic Data Systems dropped sharply after its earnings, announced late on Thursday, fell short of analysts' estimates, causing a number of analysts to downgrade the stock. The shares fell \$9 to \$32.74.

Kellogg rose \$1 to \$37.74 after the company painted a

positive outlook when it reported earnings in line with expectations.

Procter & Gamble declined for a second day after a strong rise earlier in the week. The stock was \$2.76 lower at \$29.44, after results just ahead of analysts' expectations on Thursday. IBM also gave up some of the gains it made on the strength of its earnings report, slipping \$2 to \$151.74.

The agreement by NationsBank to sell its institutional trust business to Bankers Trust of New York impacted on both companies. NationsBank gained \$1 to \$57.94, against the trend for the financial sector, while Bankers Trust slipped \$4 to \$77.74.

TORONTO tracked Wall Street in dull volume. At the noon calculation, the 300 composite index was off 32.99 at 5,831.80.

Gold edged higher, but most sectors showed clear weakness, with property among the hardest hit. Alcan Aluminium shed \$0.30 to \$34.60, Seagram gave up \$0.35 to \$35.10 and Northern Telecom retreated \$0.40 to \$38.85.

Gold was the brightest feature. Barrick gained \$0.35 to \$30.85 and Placer Dome put on \$0.25 to \$32.20 after announcing plans for the disposal of a British Columbian mine.

Among second liners, BC Sugar Refinery surged \$2 or nearly 16 per cent to \$34.60 following the news that Balaclava Enterprises planned to take a stake in the company.

Ericsson, Akzo down as bourses decline

EUROPE

Good results from Ericsson had figures from Akzo Nobel. It made little difference. After anticipatory gains on Thursday, both were marked down as brokers foresaw a further drop in US blue chips.

AMSTERDAM took a dive following disappointing results from Akzo Nobel, which tumbled 3.6 per cent and helped push the AEX index down 0.54 to 752.62.

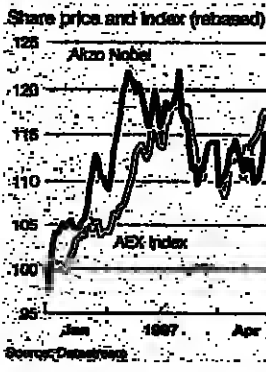
It was a double-edged sword for investors after this week's earnings-driven excitement at Philips, and the whole market slid steeply lower. There was clear weakness among leading stocks reporting next week, notably KNP BT and Unilever.

Akzo, which stood at a peak of \$129.50 early in March, fell \$1.90 to \$127.60, following sharply bottom of the range first-quarter numbers. At 837,000 shares, volume was the heaviest this year.

Broker estimate downgrades were severe and widespread and there was no hiding place in the chemicals sector as a result. DSM, which reports on Tuesday, came off \$12.20 to \$11.90. KNP BT shed \$1.10 or 2.8 per cent to \$13.30, and Unilever came off \$15.50 to \$15.20.

The market, in fact, gave better treatment to Treilab, whose B shares closed unchanged at \$124.50 after a fall of 18 per cent in first-quarter profits. After hours, there was a report that the mining and rubber group

Akzo Nobel
Share price and index (euros)



Source: Reuters. Data as at 10:00 AM CEST.

STOCKHOLM added Wall Street's weak opening to sharply higher bond yields and the general index came back from 2,644.99 to close 26.38 lower at 2,612.73.

Ericsson's 30 per cent rise in first-quarter profits was fractionally better than expected, and the B shares rose to SK256.50 on one point, but the market's general malaise combined with a drop in the ADRs of the telecoms major in New York, and the B closed SK249.50.

The market, in fact, gave better treatment to Treilab, whose B shares closed unchanged at \$124.50 after a fall of 18 per cent in first-quarter profits. After hours, there was a report that the mining and rubber group

would consider redeeming some of its shares if it could not find profitable areas in which to invest.

FRANKFURT saw German stock market turnover drop by nearly a third, from DM12.6bn to DM8.5bn, as the Dax index fell 17.53 to an all-time low of 3,351.21.

Worries about this week-end's G7 meeting and the prospect that the US dollar could be "talked lower" merged with Emu fears. Mr Jürgen Dörmann, one of the panel of German economic advisers known as the "five wise men", argued for a delay in monetary union, and Mr Rüdiger Jochimsen, a Bundesbank council member, said that the prospect of an Emu delay should not be "categorically ruled out".

These concerns had side-effects. In the dollar-sensitive cyclical, Hoechst led a weak chemicals sector down with a fall of DM1.71 or 2.5 per cent to DM66.09. In banks, where the "Big Three" were similarly depressed and where brokers were looking at late weakness in the bond market, Deutsche Bank fared worst with a fall of DM2.05 to DM88.65.

The corporate story of the day was the withdrawal of Hoechst, Billfinger & Berger and Philipp Holzmann from the controversial Transrapid

FTSE Actuaries Share Indices

Actuaries Share Indices	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20
FTSE Actuaries 100	2204.52	2201.80	2201.11	2201.10	2200.76	2197.55
FTSE Actuaries 200	2204.52	2201.80	2201.11	2201.10	2200.76	2197.55

Source: Reuters. Data as at 10:00 AM CEST.

THE WEEK'S CHANGES

	% Change
Madrid	+1.3
Zurich	+1.6
Frankfurt	+1.4
Paris	+0.6
Stockholm	-1.5

high-speed rail project in northern Germany. The builders rose DM1.14 to DM84.50, 50 pfg to DM82.50 and DM3 to DM47.80 as Thyssen, the steel and engineering group still involved in

traders were winding down ahead next week's May Day holiday.

Drugs were a feature, with Sanofi adding FF13 or 2.5 per cent to FF530 on a fresh outbreak of rumours that Roche, the Swiss giant, was teasing up a bid. Synthelabo, L'Oréal's drugs offshoot, caught up in the fun too, gaining FF13 to FF670.

Dull first-quarter sales left Danone FF1 lower at FF339, but Carrefour gained FF37 to FF436 after several large share blocks were traded. The chemicals disappointments in the Netherlands took the shine off Rhône-Poulenc, which dipped FF3.50 to FF184.

ZURICH pulled back after its record setting run earlier in the week, restrained by the weaker dollar and profit-taking that left the SMI index down 8.8 or 1.3 per cent at 4,772.5.

The political uncertainty edged up bond yields and weakened the franc. In equities, volume tapered off to 7.3m shares amid signs that

takeover of Sanofi or Synthelabo, the French pharmaceuticals companies.

Many analysts were not convinced. One pointed out that it was Roche's usual practice to refinance deals, rather than to pre-finance them, and it was more likely that the bond related to its purchase of Tastemaker, the US synthetic flavours business, in February.

UBS stood out in a weak financial sector after the bank reported that group net profit and cash flow rose substantially in the first quarter. UBS rose SF7 to SF71.341, while SBC fell SF7.50 to SF73.15, and CS Group gave up SF6 to SF71.63.

Among the day's other casualties, the often volatile SMH closed SF28 lower at SF802.

MADRID continued its consolidation, the general index losing another 2.98 at 4,982.1. Repsol, in the last day of its privatisation offer, informed the stock market commission that its results, and those of Gas Natural, its 45 per cent-owned associate, would be pulled down by a mild winter. Repsol fell Pta70 to Pta6,080 and Gas Natural by Pta1,150, or 3.65 per cent to Pta30,350.

Written and edited by William Cosh, Michael Morgan and Jeffrey Brown

Electronics, foods lead Taipei rebound

ASIA PACIFIC

Worried a week earlier by accelerated bank privatisation plans, TAIPEI extended its recovery to a fifth consecutive session with the weighted index 24.96 higher at 8,212.25.

Electronics came back from profit-taking, the sector up 2.7 per cent with United Electronics, the chipmaker, up T\$1 to T\$58.50 and Taiwan Semiconductor T\$1.50 higher at T\$98.50. Food stocks, meanwhile, rebounded by 2.5 per cent after farm officials said that following foot and mouth disease among Taiwanese pig herds, a suspected outbreak of disease among chickens was a false alarm.

TOKYO fell on the government's closure of Nissan Mutual Life Insurance; investors were reminded of the financial sector's bad debt problems and there were other, knock-on effects, writes *Gwen Robinson*.

The Nikkei 225 average fell 86.21 to 18,128.86 after moving between 18,571.36 and 18,848.53.

As a mutual, NMLI was not listed, and bargain-hunting in blue-chips and other selected issues helped limit the losses as investors sold off issues in which the insurer was a large shareholder.

Ahead of the "Golden Week" holiday period that begins on Monday for companies in the manufacturing sector, volume eased from 453m shares to an estimated 413m. Declines outnumbered advances 715 to 362 with 147 unchanged.

The Topix index of all first-section stocks fell 7.46 to 1,411.63 and the capital-weighted Nikkei 300 was down 1.22 at 273.77. In London, the ISE/Nikkei 50 index rose 1.49 to 1,510.04.

Among declining issues held by NMLI, Nissan Fire and Marine Insurance fell Y50 to Y460 and Nissan

THE WEEK'S CHANGES

	% Change
Taipei	+3.9
Tokyo	+1.4
Karachi	+1.0
Hong Kong	+0.8
Colombo	-0.7
Bangkok	-2.3
Manila	-2.5

Source: Reuters. Data as at 10:00 AM CEST.

Motor Y8 to Y772. Hitachi Zosen fell Y12 to 441 and Nippon Suisan Y21 to Y286.

Banks suffered selling on rallies, with Bank of Tokyo-Mitsubishi down Y40 to Y1,990 and Sakura Bank Y37 to Y645. Blue chip exporters advanced, led by some electricals, high-tech stocks and precision instrument-makers. Sony gained Y60 to Y9,140, TDK Y70 to Y9,100 and Canon Y20 to Y2,950.

Toyota advanced Y60 to Y3,590 on a positive investor response to Thursday's announcement of its Y100bn share buyback plan. Buybacks are still fairly rare in

Japan, which only relatively recently eased restrictions against the practice.

Citizen Watch, another company that was planning a share buyback, added Y67 to Y908.

In Osaka, the OSE average fell 79.35 to 19,802.39 and volume swelled to 30.9m shares.

KARACHI rose 1.1 per cent on blue chip buying. Pakistan State oil rose with the market, Rs3 higher at Rs289 on buying by long-term investors who took the stock up to a high of Rs325 last month on a 58 per cent jump in profits, and who subsequently turned bearish.

MANILA was pulled down again by Empire East, the beleaguered property company hit by rumours of bankruptcy, and by its parent, Megaworld Properties. Empire said that it was going to buy back some shares in the market, and came off the bottom, but it still closed 60 centavos lower

at 5.20 pesos. Megaworld shed 30 centavos at 5.40 pesos, and the composite index came in 33.96 lower at 2,572.37.

HONG KONG was a two-tier market: China concept, or red chip stocks stayed in vogue, China Merchants rising 70 cents to HK\$8.55 at the top of the active list; but the Hang Seng index fell 81.07 to 12,645.76, Glaxo losing 65 cents at HK\$4.50 after a planned placing of new shares with mainland Chinese companies flopped.

COLOMBO had its third successive setback after a previous gain of 23 per cent this year, the CSE index continuing its correction with a fall of 14.12 to 716.2.

BANGKOK ended down for its seventh straight session, the SET index losing another 4.42 at 684.00 as nagging economic worries sparked sales of most blue-chip stocks.

Sydney and Wellington were closed for Anzac Day.

Record day's trading in South Africa

Shares in Johannesburg ended the day broadly lower after the central bank hinted at tighter monetary policy, but racked up best-ever volume. More than 1.5bn shares were traded.

Volume was boosted by asset swaps, a spectacular debut for Nando's, a restaurant chain, and beefic foreign activity after the central bank suggested that it might have to "tighten" in order to curb credit growth. Nando's traded 10.6m shares and shot up to R1.50 against a flotation price of R1.00. Richmont traded nearly 6m shares while Iscor saw 8.5m shares change hands.

The all-share index closed off 15.9 at 7,072.0 with industrials down 19.4 at 8,406.0 and golds 4.5 lower at 1,235.0. South African Breweries fell R1.25 to R130.50.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Etab, part of Financial Times Information Services. The prices are those at which the business was done to the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order of which security had the highest and lowest trades. For those securities to which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the volume data. The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available. * Denotes at special prices. * Bargains done the previous day.

British Government Stocks

Treasury 4 1/2% Jan 2000 - 2109 1/2 (104,007)
Consolidated 4 1/2% Jan 2000 - 2109 1/2 (104,007)
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Consolidated 4 1/2% Jan 2000 - 2109 1/2 (104,007)
Consolidated 4 1/2% Jan 2000 - 2109 1/2 (104,007)

Corporation and County Stocks

Manchester Corp 3 1/2% Jan 2000 - 1808 1/2 (104,007)
Sheffield 3 1/2% Jan 2000 - 1808 1/2 (104,007)
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UK Public Bonds

Port of London Authority 3 1/2% Jan 2000 - 1808 1/2 (104,007)
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Foreign Stocks, Bonds etc

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Coupons Payable in London

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Programmes

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Alternative Investment

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Market

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Japan 10 1/2% Jan 2000 - 1808 1/2 (104,007)

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VERY LIMITED NUMBERS

COMPANIES FT MARKETS

Weekend April 26/April 27 1997

brother
PRINTERS
FAX MACHINES

Internet links 'will cut phone call revenues'

By Alan Cane

Deutsche Telekom, Europe's largest telecommunications operator, will see international call revenues fall by at least \$173m in 2001 as cheap Internet telephony grows in significance, a report says.

The study, by the London-based consultancy Phillips Tariffica, indicates that other international operators will be equally hard hit.

British Telecommunications will see revenues decline by \$105m in the same year while France Telecom will suffer a decline of \$94m. DT will lose more than BT and FT because of higher international call prices in Germany and a larger international market.

The Tariffica study covers

some 15 of the world's largest operators including AT&T of the US, KDD of Japan and VNSL, the Indian operator. It says all are at risk from the growth in Internet Phone.

Customers will benefit from the plunge in prices. The cheapest rate from the UK to the US today is about 10p a minute.

Internet telephony could reduce this to 2p a minute, according to Tariffica.

It says that over the next three years, low prices will stimulate demand for calls which will compensate for the loss in international call revenues.

"But after 2000, the Internet will have grown significantly enough to create substantial demand by users and consequently produce a negative impact on operators' revenues." Its estimates are the first firm figures on the likely losses operators will experience through the explosive growth of the Internet, the global computer network.

Internet traffic travels over the international telephone network at much lower cost than conventional calls because service providers buy international transmission capacity at deeply discounted prices.

This allows Internet users to call anywhere in the world for little more than the cost of a local call.

The Net Effect: The Impact of the Internet on World Telecommunications Markets. In five volumes. £1995. Analysis only £1695. Phillips Tariffica, 40-41 Furnival Street EC4A 3JQ.

Collapse of insurer prompts concern in Japan

By Michiko Nakamoto in Tokyo

Japan's finance minister moved yesterday to quell concerns over the failure of Nissai Mutual Life, a mid-ranking life insurance company, after the finance ministry ordered it to suspend operations.

It is the first Japanese life company since the second world war to face this sanction.

"Obviously, [Nissai Mutual Life] policyholders will be fully protected," said Mr Hiroshi Mitsuoka, finance minister. "We will liquidate the company swiftly and take sweeping steps not to upset policyholders." The Life Insurance Industry Association of Japan, named as administrator, pledged to try to safeguard policyholders through a protection fund.

An emergency NML board meeting yesterday decided that a capital deficit of about ¥200bn (\$1.5bn) meant the company was unlikely to be able to continue operations, said Mr Hiroshi Mitsuoka, the president.

Nissai Mutual Life had been weighed down by bad loans and falling investment yields. Bad debts totalled ¥42.3bn at the end of September. In the year to March 1997 the company - which has assets of ¥2,167bn - expects net losses to have reached ¥52.5bn.

Losses mounted as Japanese interest rates and share and property prices declined and Nissai Mutual Life faced continuing high payments on contracts. About ¥100bn of the deficit stems from unrealised losses on stocks and ¥30bn from falling land values.

Yesterday's news triggered fresh concerns about Japan's financial institutions. Many analysts expect Nissai Mutual Life to be just the first of the country's weakened life companies to face closure. "There is a real risk that it is the beginning of a trend," said independent economist Mr Andrew Smithers.

Regulatory roulette

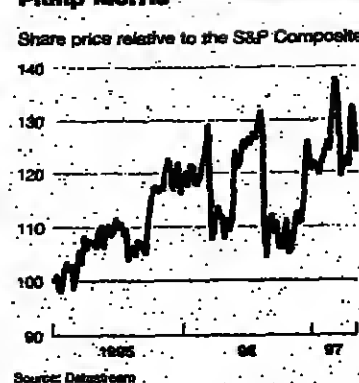
THE LEX COLUMN

Yesterday's ruling on whether the US Food and Drug Administration (FDA) has jurisdiction over the tobacco industry was a classic piece of judicial prevarication. But it is a fudge which is still damaging to the tobacco industry's health. The FDA has been prevented from restricting cigarette advertising and promotion in any circumstances, which was the worst case scenario for Big Tobacco. Moreover, the FDA will still have to prove in the courts that cigarettes are a drug-delivery device before it gets any power over the industry - a judgment which has not previously stuck. Nonetheless, the companies did not win an outright victory and the FDA has still got its foot in the door.

The worry for the tobacco industry is that volunteering for FDA regulation is its main bargaining chip in negotiations to secure indemnity from liability lawsuits. And that chip has undoubtedly been a little tarnished. However, the likes of Philip Morris can still offer to sacrifice their right to advertise, and offer to resolve this issue during the life of the Clinton administration. And both should appeal to the vote-winning instincts of the government. So even if this is a setback to the negotiating process, it is only a minor one.

FTSE Eurotrack 200: 2240.9 (-0.6)

Philip Morris



Source: Datastream

Of course, it will be easier for a new Chancellor to succumb to the governor's pressure for higher rates, helping deflect any political fall-out. Still, there is room for some fiscal smoke and mirrors short of raising income tax. The febrile state of the housing market would provide a good opportunity to abolish mortgage interest tax relief. And if Mr Gordon Brown is the chancellor, do not be surprised if the ceiling on national insurance contributions goes too.

UK economy

Mr Eddie George, governor of the Bank of England, looks set finally to have his way. Growth in the first quarter was the fastest for more than two years. The housing market is gathering pace and the demutualisation bonanza promises to boost spending further. The issue is not whether to curb demand, but how. Right now, underlying inflation of 2.7 per cent is respectable. But the economy is growing faster than trend. On past evidence, this cannot continue without ending in inflation.

But what to do? The problem is the uneven nature of the recovery, prompted by sterling's near 20 per cent rally over the past eight months. The goods sector is struggling, while services, less exposed to the currency, are racing. Service prices are rising some two-thirds faster than goods prices. The trouble with higher rates is that they risk aggravating this uneven pattern by fuelling sterling strength. Fiscal policy may be a blunt tool for curbing demand, but at least it would not aggravate the sterling concern.

UK regulation

Why should anyone outside the province care about an announcement from the Northern Ireland electricity regulator? Because his decision to ignore several core Monopolies and Mergers Commission conclusions makes a mockery of the broader UK regulatory system. Since he risks setting a disastrous precedent, shareholders need to sit up and take note.

The whole point of the MMC's role in these cases is to provide an independent arbiter between company and regulator. Technically, regulators may reject the MMC's conclusions - the legal position is a bit flaky. But if so, not only is the MMC redundant but the balance of power is shifted unsustainably in favour of a single, unaccountable individual. Even regulators would surely balk at such a role.

The MMC's conclusions are carefully worded: the regulator's position may not turn out to be proof against legal attack. But unless they want a world in which, for instance, the gas regulator could feel free to overturn the MMC's imminent report, a public fuss

from shareholders would also help.

Profit warnings

The steady trickle of profit warnings this year threatens to become more serious. In the last two days alone, Imperial Chemical Industries, Laura Ashley, BAT Industries and Vickers have all warned about the outlook for 1997.

Though rather convenient, sterling's strength will no longer do as a catch-all excuse. While the pound has strengthened against the D-Mark in the first quarter - affecting around one-third of the UK stock market's overseas earnings - it has lost ground against the more important dollar. Vickers' main problem is its troubled medical division. ICI is suffering from overcapacity in commodity chemicals and Laura Ashley stocked up on too many frumpy dresses.

Management mistakes happen, of course. But the fact that companies from such different industries are making cautionary noises is worrying. That industrial stocks, particularly those with continental European exposure, are finding the going tough is no surprise. But Laura Ashley's example, added to hiccups at J. Sainsbury, Argos and MFI, suggests buoyant spending is not feeding through equally to consumer stocks. Old favourites with high earnings visibility and strong dividend cover, such as financials, pharmaceuticals and utilities, still look the safest bet.

BAA

BAA, the UK airports operator, looked frightfully prudent yesterday when it decided to stop capitalising interest costs related to the proposed fifth terminal at London's Heathrow Airport and take a £40m exceptional hit to the profit and loss account. But the decision is odder than it seems. Why? Because the uncertainty over the new terminal - which lacks planning permission and is unlikely to get it until the next century, if then - presumably affects all spending on the project, not just interest. Leaving interest aside, £129m has been incurred so far. And although perhaps a third of this would still have been well-spent even if Terminal 5 did not go ahead, the rest is on undeniably at-risk items such as inquiry costs and design work. To look convincingly half-shirted, BAA would have to write off these costs too.

Leading banks named in UK co-operative court case

By Clay Harris and Robert Wright

Confidential documents belonging to a UK co-operative that was being stalked by a predator were passed to some of the world's leading investment banks, it was revealed in affidavits in a UK court yesterday.

The affidavits were in connection with a hearing on a claim for damages by the Co-operative Wholesale Society, a large retailing co-operative, that one of its former executives passed confidential documents to the predator, Mr Andrew Regan.

Mr Christopher Clarke, QC, counsel for the CWS, said no one who could read could doubt the sensitivity of the documents. They were handed to a wide range of companies, mostly by Hambros Bank, advisor to Mr Regan.

Mr Regan and Hambros were seeking advice and financial backing for a £1.2bn (\$1.9bn) takeover bid which they were forced to abandon on Thursday when Nomura International, the Japanese investment bank, withdrew its



Pierce defence: CWS chairman Lennox Fyfe (left) and chief executive Graham Melmoth

financial backing. Other recipients of the documents included Goldman Sachs Bankers Trust and J.P. Morgan of the US, Union Bank of Switzerland, Société Générale of France and HSBC Investment Bank and the CWS's suspended retailing chief.

The defendants, apart from Hambros, were ordered to pay the Co-op's legal costs. Counsel for the defendants opposed the order for costs.

Hambros was added as a defendant to the Co-op's legal action against Mr Regan, his business partner Mr David Lyons, their companies Lancia Trust and Galileo Group, and Mr Allan Green, the CWS's suspended retailing chief.

The defendants, apart from Hambros, were ordered to pay the Co-op's legal costs. Counsel for the defendants opposed the order for costs.

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				Whitbread	22

Markets latest

FTSE 100	4999.7	(-18.8)	STERLING	
Yield	3.70		New York Linc time	\$ 1.60405
FTSE Eurotrack 100	2198.78	(-10.18)	London	1.6021 (1.6035)
FTSE All-Share	2122.35	(-65.21)	DM	2.7774 (2.7824)
Nikkei	19812.86		FF	9.4485 (9.4222)
New York S&P 500	6752.82	(-31.38)	Sfr	2.382 (2.378)
Dow Jones Ind	707.84	(-3.54)	Y	204.841 (205.101)
S & P Composite	707.84		E Index	98.7 (98.8)
US LUNCHTIME RATES			US DOLLAR	
3-mo Interbank	6.11%	(same)	New York Linc time	\$ 1.7235 (1.717)
Life long gft fut	Jun1004	(Jun1094)	DM	1.7235 (1.717)
US LUNCHTIME RATES			FF	5.82 (5.7935)
Federal Funds	5.1%		Sfr	1.4676 (1.4595)
3-m Treas Bill Yld	5.25%		Y	125.85 (126.115)
Long Bond	8.0%		S Index	106.0 (105.7)
Yield	7.135%		Tokyo close	¥ 126.4
NORTH SEA OIL (Ampas)				
Event Dated	\$18.11	(17.8)		
Gold				
New York ComexDec	\$348.4	(340.8)		
London	\$342.45	(340.35)		

FT WEATHER GUIDE

Europe today

Most areas will be cloudy and wet over the weekend. Only a few areas around the Mediterranean will have sun.

The cloudy and wet conditions are due to several frontal systems. One front, stretching from Russia to the Alps, will cause heavy rain in the Alps and some rain over Russia.

Another front will move into Europe from the west, producing cloud and rain over the British Isles, France and northern Spain. Italy will be the sunniest place on Saturday.

In the eastern Mediterranean, low pressure will cause some showers and thunder storms.

Five-day forecast

Conditions will remain the same as several more fronts cross the continent.

The British Isles will have showers and near gale force winds. Northern Italy and the Balkans will have heavy thunder storms.

TODAY'S TEMPERATURES

Maximum Beijing 25, Caracas 15, Cardiff 13, Geneva 13, Chicago 17, Cologne 17, Doha 20, Dallas 20, Delhi 20, Dubai 20, Doha 20, Cairo 20, Cape Town 20.

Minimum Beijing 15, Caracas 10, Cardiff 10, Geneva 10, Chicago 10, Cologne 10, Doha 10, Dallas 10, Delhi 10, Dubai 10, Doha 10, Cairo 10, Cape Town 10.

Forecast by Meteo Consult of the Netherlands

Sun 25: Madrid 22, Milan 19, Moscow 15, New York 14, Paris 14, Rome 14, Tokyo 14, London 14, Berlin 14, Frankfurt 14, Amsterdam 14, Brussels 14, Copenhagen 14, Stockholm 14, Helsinki 14, Oslo 14, Warsaw 14, Prague 14, Vienna 14, Budapest 14, Athens 14, Rome 14, Madrid 14, Barcelona 14, Valencia 14, Seville 14, Lisbon 14, Porto 14, Oporto 14, Lagos 14, Casablanca 14, Algiers 14, Tunis 14, Cairo 14, Addis Ababa 14, Johannesburg 14, Harare 14, Lusaka 14, Kinshasa 14, Brazzaville 14, Libreville 14, Port-au-Prince 14, Santo Domingo 14, Santiago 14, Lima 14, Bogota 14, Medellin 14, Caracas 14, Havana 14, Santiago 14, Quito 14, Guayaquil 14, Montevideo 14, Rio de Janeiro 14, Sao Paulo 14, Brasilia 14, Lima 14, Bogota 14, Medellin 14, Caracas 14, Havana 14, Santiago 14, Quito 14, Guayaquil 14, Montevideo 14, Rio de Janeiro 14, Sao Paulo 14, Brasilia 14.

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The reason for this, is the 4 million unexploded land mines that now litter the former Yugoslavia. Currently they kill or maim around 10 children a week.

This is why at Children in Crisis, we're in the process of creating safe play areas, filled with climbing frames, scramble nets and basketball hoops, where children can run and play sports without worrying that they will come to any harm. But to undertake this daunting task, we urgently need your help. So far more information on our invaluable work and to make a donation, call 0171 578 5801. (For as little as £10 per child, we can help create a safe play area).

Please give generously. Bosnian land mines can't stop this ad running. But you can.

Children in Crisis

Enso in talks to buy E. Holtzmann

tions unit with multimedia

Operating expenses increased 26 per cent, although Ericsson stressed the rise was less than the growth in net sales.

As in the first quarter of 1996, cash flow before financial items was negative. Ericsson attributed this to increase in working capital and customer financing com-

Bankers Trust yesterday agreed to acquire NationsBank's institutional custody business for an undisclosed sum. The business has \$133m in assets and will bring Bankers' total global assets under custody to nearly \$2,000bn. Bankers said the acquisition would not have a material effect on earnings.

because of a lack of funding by European governments. Lockheed and Airbus could work together to produce a cheap competitor to the McDonnell Douglas C-17 transporter being bought by the US Air Force.

Lockheed Martin, the US aerospace giant, is seeking closer ties with the European Airbus consortium, according to Mr Mickey Blackwell, head of Lockheed's aerodynamics division.

Lockheed and Airbus have already held talks about the possible involvement of the US company in the Airbus XXX large airliner project. Although the talks have not produced substantial progress, both sides remain interested in negotiations.

Other groups are also discussing possible collaboration on the Future Large Aircraft military transporter, which Airbus wants to build but which is blocked

Shares in Giordano fell 12.5 per cent yesterday to HK\$4.50 after its directors revealed that mainland investors had pulled out of a deal to buy new shares in the Hong Kong clothing retailer.

The introduction of mainland shareholders, announced last month, was seen as a sign of mendacious relations, boding well for the group's long-delayed expansion plans in China. The five mainland bodies were to have subscribed for an aggregate 40m new shares at HK\$4.90 per share. In total, this represented a 5.3 per cent slice of the enlarged share capital and would have raised HK\$196m for Giordano.

Louise Lucas, Hong Kong


many gave no profit fore- Y30

It expected a better recovery this year on the stock market.

It announced a net unconsolidated loss of ¥113.6bn in the year ended March 31, 1999, after a ¥33.7bn net profit in the previous period. It had to raise ¥47.5bn to bail out three subsidiaries. Recurring pre-tax loss 52.7 per cent to

Akzo Nobel, the Dutch chemicals group, yesterday held

Net profits of F1 340m (\$176.5m), up 2.4 per cent, were near the bottom of expectations, and the shares fell nearly 3.6 per cent, to F1 262. *Gordon Cramb, Arnhem*



Societe Générale de Belgique
Société anonyme

Incorporated in Brussels by Royal Decree dated 28th August 1922
Registered Office: 30 rue Royale, 1000 Brussels
Trade Register Number: Brussels 17487

The Board of Directors is pleased to invite shareholders to assemble at the Company's registered office, rue Royale 30, Brussels on Wednesday 21st May 1997 at 10.30 am, for the Ordinary General Meeting, in accordance with the terms of Article 22 of the Memoirs of 1987 and Articles of Association, to vote on the following agenda:

A G E N D A

1. Board of Directors' report and Auditors' reports on the quality of interest.
2. Board of Directors' reports for the
3. Company's annual accounts:
4. The annual accounts as at 31st
5. Elections according to the Articles of Association:
The mandate of directors: Messrs Philippe Bodson, Valère Croes, Etienne Davignon, Jean-Claude Dehove, François de Jonge de Meux, Bernard Eglöf, Jean Gaudart, Jacques Gelin, Philippe Liotier, Maurice Lippens, Philippe Malet, Gérard Mestrallet, Xavier Ponsolle, Pierre Ponsolle, Alain Seugé, Pier-Van Waeyenborg, Karel Vinck and Gérard Worms expires at the end of the Ordinary General Meeting of 21st May 1997.

with the ordinary coupon.

4. Directors of the Company of the Board of Directors and
Proprietors of the Company of the Board of Directors
Directors of the Company of the Board of Directors of the
their future financial year.

6. Approved by the General Meeting of the Company of the
acquisition on the 19th of May 1997 of the Company of the
number of 2,100,000 shares at a price of BEF 1,800 and the
of BEF 3,300, during a period of 12 months, starting at the date
of the General Meeting of the Company of the General
Meeting of the Company of the General Meeting of the Company of the

In order to attend this meeting, the Directors of the Company of the
Articles of Association, deposit their shares at the Company's registered office by Tuesday 13th May 1997 at the
latest, or at one of the following banks:

In Belgium: Generale Bank Banque Indosuez Belgique	In France: Banque Indosuez	In Luxembourg: Banque Generale du Luxembourg	In Switzerland: Credit Suisse First Boston Société de Banque Suisse Union de Banques Suisse	In Germany: Deutsche Bank Generale Bank & Co
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Without prejudice to the terms of Article 74, § 2, para 2 and § 3 of the co-ordinated laws on commercial companies, sha-
reholders who wish to be represented should use the form of proxy which is available on request. All proxies should
reach the Company's registered office as soon as possible and by Friday 16th May 1997 at the very latest, which date
was laid down by the Board of Directors in accordance with the terms of Article 20 of the Memorandum and Articles
of Association.

Brussels, 26th April 1997

Ph. LIOTIER Chief Executive Manager	E. DAVIGNON Chairman
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Myth of a cowboy

'John Wayne's universal appeal cannot be denied, even in a country where the frontier died 600 years ago.'



The Primrose Question

'What are the chances of preserving wild frillaries if most over-educated under-40s have no idea what they are?'



Dutch hero

'Cruyff was never like the Amsterdam baby boomers, the long-haired "provos" who offered raisins to policemen.'

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The very model of a modern Moslem state

The whole world will have to rethink its prejudices if Malaysia's interpretation of Islam proves successful. James Kynge reports

Suspensions were stirred when a young woman and a man, surely too old to be her husband checked into a hotel in Sungei Petani, a town set among paddy fields and coconut palms in northern Malaysia. After a phone call from the front desk, the religious department officials moved in. The couple protested their innocence, insisting they were lawfully married, but they were arrested and thrown into cells, separately, for the night.

The pair were presumed to have broken the Islamic prohibition against *khawlat*, being in "close proximity" with someone who is neither spouse nor relative. The standard penalty for offenders is six months in jail or a fine, or both. To prove their innocence, the couple had a copy of their marriage certificate faxed to the zealous religious officials, but they ruled that only the original document was acceptable.

The ordeal of the innocent couple served a public purpose. It was followed by a government decree that every state must issue portable, plastic marriage certificates. The idea was that they would sit along with the credit cards, golf club memberships, and snapshots of the children that fill the purses and wallets of modern, Moslem Malaysians.

From its *khawlat* card to a new style of lavatory, and from pork-free supermarkets to developing a financial system that qualifies it for Asian "tiger" status yet still sits within the strict limits of the Koranic code, Malaysia is a Moslem model. Its crafted modernity undermines the western perception of Moslem countries as mindlessly brutal, veiled, bearded and barely medieval. And it challenges the more austere Moslem regimes of the Middle East, where the reforms are studied closely.

But, even in Malaysia, conservative clerics are ready to pounce on policy changes and denounce the reformer as heretic. Compromise and contradiction are achievements, hesitant steps in the right direction. In the capital, Kuala Lumpur, hotel

rooms have a Koran in the bedside table and a mini-bar stocked with bottled water of hard liquor. Malay women wear the *batik-kurong*, a body length dress which obeys Islamic customs on female modesty, but is made of galley-patterned silk and tailored to show off, rather than obscure, the female form. It is a long way from the basic black of Iran or Afghanistan.

The compromises are born of interaction between Malays, who must be Moslem by law, and minority races, such as Chinese and Indians, who have freedom of religion. The constraints have inspired ingenuity. The Arah Malaysian Bank, is marketing an Islamic credit card - it is designed to reject payments for nightclubs, massage parlours and other proscribed activities.

In spite of the explosion of wealth, the apparent spread of materialism, and some signs of decadence, the practice of Islam has intensified. The designer-dressed faithful routinely bring their mobile phone to the mosque. And, more seriously, Malaysia's leaders are arguing that their style of rapid industrialisation is part of a broader Asian Renaissance. They argue that, in Europe, the Age of Reason undermined the Age of Faith, leaving countries and continents spiritually barren.

In Asia, on the other hand, and in Malaysia in particular, technological development, mass education and modernisation are being complemented by a flowering of communal religions. The individual is empowered, but not to the point of challenging God's right to rule.

Anwar Ibrahim, deputy prime minister. Likely next prime minister and author of "The Asian Renaissance", is himself something of a renaissance man. A former student radical imprisoned for his beliefs in the 1970s, he has described himself as a "fundamentalist". But he quotes from Confucius and Shakespeare, and once persuaded the cabinet not to ban rap music. "The lyrics are good, the music is good," he says of the genre, to which he was introduced by his teenage daughter.

His eclectic, Moslem modernism is shared by Mahathir Mohamad, the present prime minister, who recently went to Hollywood during Ramadan, the Moslem fasting month, to star at investment seminars. He neither ate nor drank during daylight hours while staying in the citadel of western creativity and sin.

At home, Mahathir has set about changing the Islamic justice system. Malaysia's system of government is staunchly secular, while the dominant political party is wholly Malay and therefore Moslem. The justice system is similarly bifurcated: there are civil courts which are administered centrally, and separate Shariah (Islamic) courts answerable to local state authorities.

It is clear that Mahathir has little respect for the Shariah apparatus. He accused it of being dilatory

'Are we Malays or Moslems first? If Moslems, should we all behave like Arabs?'

in its business, and inconsistent and sometimes too harsh in its rulings. He then began a process of bringing the Islamic courts under greater central supervision.

"Only when Islam is interpreted so as to be relevant in a world which is different from what it was 1,400 years ago can Islam be regarded as a religion for all ages," says Mahathir. Like many others in Malaysia, the prime minister believes that the Koran should not be interpreted too literally - the tolerant, forgiving spirit of the holy book should be its starting point.

Such flexibility is also at the heart of attempts to make the financial system more Islamic. Banks have introduced products to get around a Koranic prohibition on charging or receiving interest. Stockbrokers have



On the high-wire of social engineering: Malaysia's modernity challenges the west and the more austere Moslem regimes alike

drawn up "Islamic indices", which contain companies thought to be free of *haram* (un-Islamic) business activities. A refinement has let investors see what percentage of a company's operations are *haram*, which includes serving alcohol or pork, involvement in gambling, and taking out interest-bearing loans.

"For most investors, the dividing line is about 30 per cent. If a company is more than 30 per cent *haram*, people think that it is beyond the pale," said one Islamic fund manager.

Recognition of Malaysia's efforts from the traditional guardians of the faith in the Middle East had been grudging. But, last month, Saudi Arabian authorities presented Mahathir with the King Faisal International Prize, prestigious in the Arab world, because "his wisdom and moderation as prime minister of Malaysia have reflected the magnanimity and forbearance of Islam".

However, only weeks before the award was presented, Malaysia was thrown into a ferment by suggestions that its Islamic "model" may be deeply flawed or at least vulnerable to the excesses of the west. Newspapers warned of an alarming increase in drug addiction, corruption and teenage prostitution.

It was an opening welcomed by the conservative clergy, who urged an immediate return to their brand of "orthodoxy". Mahathir searched for more secular solutions. He held a cabinet meeting in a Japanese tea house, where the intricate ritual of the ceremony and the discomfort of the sitting position tested his self-

control. He admitted that the wave of "social ills" was more prevalent among Malays than non-Moslem races.

For some thought, this is hardly surprising. "The young Malays are totally schizoid," says Hishamuddin Rais, a film director who spent 20 years abroad in political exile, much of it in the London suburb of Brixton. "Are we firstly Malays and then Moslems or the other way around? If Moslems first, then should we all start behaving like Arabs? There are no clear guidelines."

As a Malay film-maker, Hishamuddin cannot show a woman's naked armpits on screen. Yet such sights are common in imported television soap operas and melodramas. Another telling contradiction is that, in spite of an alarming rise in reported AIDS cases, senior Islamic academics refuse to allow the use of condoms by Moslems.

But nowhere is the threat to the envisioned enlightened society clearer than in the treatment of women. Zainah Anwar represents Sisters in Islam, which promotes women's rights. I met her for lunch in Bangsar Baru, the trendy quarter of Kuala Lumpur. Nearby was Finnegans, a new Irish pub, and a bar called Big Willie's.

"The Islamic authorities are always stressing family values," says Zainah, "but by their policies they are breaking up families." One problem is polygamy, legal and increasingly common. Islam states that there must be good reasons for a man to take extra wives, and just is not one of them. But today, says Zainah, most of the women becoming second, third and fourth wives

the only state controlled by an opposition party, the Parti Islam se Malaysia, the leaders of which believe that the customs of Islam and the words of the Koran are not open to modern, flexible interpretations.

Life there has a simple quality, removed utterly from the hubbub of Kuala Lumpur. Hotel assistants are effusively friendly but hopelessly inefficient. On one evening recently, as the sound of the call-to-prayer reverberated across the low-rise city, a man and his son cycled slowly to the estuary to watch a glorious sunset in silence.

"We are following a path of slower development which has to be in pace with Islam," says Anwar Tan, a town councillor. "In Kuala Lumpur, everyone is so busy that nobody has time for the important things in life. You never see your children there because you are always in a traffic jam."

The chief minister of Kelantan is Nik Aziz, an elderly and softly spoken man in a white turban and gown. He supports (but has not yet introduced) full Islamic justice, which would punish thieves by amputation and adulterers by stoning. Women, he has suggested, should refrain from wearing lipstick because this could arouse impure thoughts in men.

But when asked about Kuala Lumpur's attempts at forming a modern Islamic state, the chief minister's eyebrows arched upward in pity. "We look at them [central government] not only as our enemy but also as our patient. We need to give them a cure."

In many ways, Malaysia is walking on the high-wire of social engineering. But it is not alone. The changes taking place here are influencing and are mirrored by neighbouring Indonesia, the most populous Moslem nation on earth.

If Malaysia succeeds, then south-east Asia, historically on the fringe of the Moslem world, could become its modern centre. And then the west would have to rethink its own preconceptions and prejudices about the "Moslem".

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PERSPECTIVES

Shanghai whispers and a serial killer

In the absence of official comment on sensitive stories, the rumour mill takes over, finds James Harding

A couple of weeks ago, I started getting telephone calls about the Shanghai serial killer. "Have you heard about the murderer? People are saying he has already killed nine people, smashing them over the head with a sharpened hammer." Mr Li, a friend and financial analyst, called to tell me.

A few hours later, a local estate agent, who helped me to find my apartment, was on the phone. "Do you know about the serial killer? I have a friend at the Public Security Bureau - he says 11 young women are dead." Three more calls that day and the body count swung between seven and 25.

Every day from then on there was fresh "news": he kills young women with long hair; girls that carry knapsacks; girls that wear red; he strikes late at night or early in the morning; he prowls the parks and back alleys on the outskirts of the city; he will stop when he has killed 100 women. There have been daily titbits about the killer's identity. The widely held assumption was that he was one of Shanghai's hundreds of thousands of disgruntled workers laid off from decrepit state-owned industries.

As days passed, the city was

increasingly anxious and political prejudices started to seep out - he was a *wandouren*, one of the millions of migrants from impoverished rural areas that come to China's biggest city to work for a pittance and to be scorned by the bourgeois Shanghaiites.

Following a recent bus bomb in Beijing thought to have been planted by Uighur separatists from the far western province of Xinjiang, there was speculation that the murderer was a Xinjiang terrorist. Or a group of terrorists. On motorbikes. The name Xu Gnochu resurfaced in conversation. He was the talk of the city last year, when his spurned and vengeful mistress blinded Xu's wife and young daughter by splashing them with corrosive acid. Two months ago, it was reported that Xu had disappeared. Shanghai residents put two and two together, calculating that the city's most publicised pariah had become the misogynist serial killer.

There was no official word. China's state-run media kept to

the strict diet of news approved by the Propaganda Department: successful progress in reforming state-owned enterprises; a drop in prices for home computers; countdown to the Hong Kong handover; and Chinese scientists grow a human ear on the body of a mouse.

Shanghai's Public Security Bureau refused to comment on the case and although journalists working for the city's largest media organisations - the Liberation Daily, Shanghai TV, Eastern Radio and the more populist Xinmin Evening News - were kept informed about the latest twists in the police hunt for the killer, they were forbidden from publishing a word.

In the vacuum of official or published information, the news that really matters to people is left to the rumour mill. Although China has a fast-reforming economy and a slowly liberalising society, the media is tightly controlled. Strict rules govern what appears in the press and all sensitive stories must be

referred to the Propaganda Department.

As a result, journalists are some of the best informed people in Shanghai, yet only a fraction of what they know is printed. But they talk. By word-of-mouth, news spreads across a city of

In China, gossip is the source of the most sensitive news

13m people, who hear second, third and tenth-hand of killers on the loose or of scandals among China's new generation of celebrities.

The stock markets take street-talk more seriously than the party statements peddled in the official financial press. The Shanghai market, for example,

has been climbing cheerily in the last 10 days on speculation of a healthy reporting season despite a barrage of ominous editorials in the China Securities News that the market is overheated and that investors should beware "traps" that could be set by manipulative traders.

As gossip is the source of the most sensitive news, China is neither as opaque as you might expect, nor as transparent as the Propaganda Department would have you believe.

Instead, information is fuzzy. For example, there has been a corruption scandal at one of Shanghai's biggest steel mills and executives have been fired. What did they do? How many people lost their jobs? Were they imprisoned? The answers, right or wrong, are supplied by title-tattle.

In the year before Deng Xiaoping died, speculation on his health and whereabouts was imaginative. While Beijing stuck consistently to the line that the ailing paramount leader was quietly

at home, there were people in Shanghai convinced he was receiving advanced medical treatment in the city's best hospital. Others were equally certain that he was on life-support in the south of China, ready to hop over the border to Hong Kong to witness the historic return of the territory on July 1.

I was once told, only half-jokingly, that the 92-year-old was actually walking there. But, like the death of Deng, reported quickly by Chinese standards only hours after it happened, news is eventually published, in full or part.

The Public Security Bureau remained tight-lipped about the serial killer for two weeks, because, as one insider explained, "the government thinks that if they make an announcement, people will get scared. It will damage the investment climate. So they would rather keep things quiet."

But people knew - or thought they knew - about the mass-murderer and they were scared.

When the big department stores closed at 10pm, husbands, boyfriends and brothers could be found hanging around outside, waiting to escort the nervous sales girls safely home. Small shops in the city were closing early to allow staff home before dusk. Young women wore their hair up and stopped carrying shoulder bags.

The rumours were more frightening than the facts.

The vice director of the municipal police station announced on Shanghai radio last week that they had apprehended a suspect. A 26-year-old man from Anhui province in central China was arrested in connection with a series of robberies in which two people had been killed and a dozen injured.

The killer allegedly used an iron bar to attack middle-aged women, stealing bags, wallets and electronic beepers. "Well, thank God! At least it is now over," I said naively to a Chinese journalist after listening to the radio broadcast.

"Do you really think so?" she asked. "It is more likely that it is a gang. And, anyway, you cannot trust the official announcement. It is too convenient - they had to calm people down and say they had caught someone."

Refugees with more than hate in common

Guy Dinmore meets the foes who have lived in the same house on the Yugoslav frontline

Maria Suski sits in a small room in Zagreb, trying to contain her hatred for a man she has never met. More than 200 miles to the east, Milan C. sits in a bomb-damaged house he has rebuilt and fears for his life.

They are both refugees. Maria is a Croat, Milan a Serb and he is living with his wife and three children in Maria's house in Serb-occupied Vukovar in Croatia's region of Eastern Slavonia.

"We want to go back but we don't want to live with the Serbs," said Maria, describing the horrors of living through a three-month bombardment of Vukovar and its final capture by the Serb-dominated Yugoslav National Army in 1991. Her son was badly wounded while escaping through the front-lines deeper into Croatia. Her sister-in-law was killed.

"We can never forgive or forget that after the fighting they took Croats to concentration camps and killed people in the hospital," Maria said, referring to the massacre by Serb fighters of about 260 Croat men, some of them soldiers, sheltering in Vukovar hospital when the town fell. Most of their bodies have since been exhumed by the war crimes tribunal for former Yugoslavia from a mass grave.

Maria was lucky. She and her daughter were taken prisoner but released unharmed after spending a week locked up in a bus. They now live as refugees in the crowded Laguna Hotel, in the capital Zagreb, waiting for the day they can return. It is soon approaching.

With nostalgia Maria describes her home, number 22 Slavka Rudica, close to the Dvudik monument marking the slaughter of 455 Serbs by Croatian fascists during the second world war. The house had a beautiful oak fence, two bedrooms and a small garden with a magnolia tree, she says



Bombed-out or burnt-out is the norm in war-torn Slavonia

and gives me directions. "They would rather tear it down if they have to leave. They will destroy my house," she says. I drive across fertile flatlands, past the nodding donkeys of oil fields, through the UN-controlled checkpoint to Vukovar.

Again Maria is lucky. Half the houses in her street lie in ruins, weeds and young trees sprouting amid the rubble. But number 32 is still there, its outer walls pockmarked by shrapnel, just one room blasted by two direct hits. The Danube, marking Croatia's eastern border with Serbia, sweeps by. Gypsy girls tend goats and scavenge along its banks.

Milan opens the gate - the oak fence somehow survived - and invites me in to the small kitchen for Turkish coffee. He tells his story of the war - how his truck was seized by Croatian soldiers and used as a barricade. His own house in Vukovar was on the front-line and became a Croatian-held bunker before being burnt to the ground.

A rough-looking peasant-soldier in his 40s, Milan speaks with

eloquence. He asks that his surname not be used, for although he says he was an ordinary soldier he is on a list of 150 Serbs accused by the Croatian authorities of war crimes. He knows he cannot stay in Vukovar. On July 15 the 5,000-strong UN force there will begin to pull out and hand over complete control of Eastern Slavonia and its 150,000 people to the Croatian government, based on an agreement hammered out between Croatia and Serbia in November 1995.

"I would not want to happen to this house what happened to mine. That's why I'm taking care of it. I rebuilt the roof," Milan said. "I'd like Maria Suski to come and I'll put the keys in her hands. I hold nothing against her, only the extreme nationalists who want to come back."

Few Serbs in Vukovar truly believe the two communities can live together peacefully again. Officials estimate at least 20,000 people will soon flee while the majority will wait and see.

Most vulnerable are tens of thousands of Serb refugees who



Milan, outside Maria Suski's house, which he says he is 'taking care of'

fled to Eastern Slavonia from Serb-held Krajina and Western Slavonia during two lightning Croatian offensives in the summer of 1995. Many now live in the former homes of Croats and have nowhere to go. There is still a concerted campaign of intimidation against the few Serbs left in Krajina and Western Slavonia.

Both sides say they were the victims of the 1991-1995 war. For the Christian Orthodox Serbs it was a war to prevent the break up of Yugoslavia and protect their rights as a persecuted minority. For the Roman Catholic Croats it was a just liberation struggle to stop Croatia being swallowed up into a "Greater Serbia" ruled from distant Belgrade and implemented by blood-thirsty nationalist paramilitaries.

Snezana Beric, a Serb journalist for the Politika newspaper, said in May 1991, before war broke out, she was beaten up in the street by a screaming mob then taken to the offices in Osijek of Branimir Glavas, an ultra-nationalist of the Croatia's ruling Democratic Union (HDZ).

"Glavas wanted to kill me and gave me to his soldiers to have fun," she said and produced court testimonies by other Serbs of war crimes allegedly committed by Croats, some in Vukovar hospital by doctors celebrated as war heroes in Croatia.

Nationalist passions surfaced again during local elections

Many Serbs live in the former homes of Croats and have nowhere to go

organised by the United Nations this month. The official campaign slogan of the fringe Croatian Justice Party (HSP): "For a happier Croatian family, one vote for the HSP is one Chetnik (Serb nationalist) less in the Danube area."

In late March a group of Cro-

atian politicians and the director of Vukovar hospital crossed into the town under UN protection and held a news conference. A crowd of angry Serbs pelted them with eggs, denouncing them as war criminals.

Maria Suski recalled the phone call she received soon afterwards from a woman who said "this is Serbian Vukovar" and refused to give her name. "We bombarded them with eggs and when you come back we will bombard you with bombs," the caller said. Maria recognised the voice "We were best friends. She came for coffee every day."

Caught in the middle is the UN Transitional Administration in Eastern Slavonia headed by Jacques Klein, a cigar-smoking, no-nonsense American general. Klein's job is to hand over control to Croatia and oversee the peaceful reintegration of refugees. To heal the wounds of war the UN has organised sponsored visits in aid out of the region by 40,000 people, demilitarised the area and set up a joint Serb-Croat police force.

But hatred and distrust persist. People on both sides get threatening phone calls and messages. One fax sent to the Serb council in Vukovar bore the second world war insignia of the Nazi-puppet Ustashe government that slaughtered many Serbs, Moslems and Jews. It "sentenced to death" Jacques Klein, the American General in charge of the UN Transitional Administration in the region, and 11 prominent Serbs.

Threats are coded in the language of religious and ethnic hatred. Svelana Nestic, an economist working for the Serb assembly in Vukovar, said the owners of the house she is living in repeatedly called to wish her a Happy Easter and ask her if she was "feeling comfortable". The Catholic Easter falls one month before the Serb Orthodox festival.

Returning to Zagreb, I tell Maria that Milan is willing to hand over the keys to her house in person. I give her his telephone number. She is moved. "Perhaps we can all live together again," she says. "Who knows?"

'Everything in this book is lies'

Jimmy Burns took to the field in Argentina to promote his biography of Maradona

Jimmy Burns was the FT's man in Buenos Aires when Argentina invaded the Falkland Islands in 1982. Earlier this month he returned to the country to publicise 'The Hand of God', an unauthorised biography of Diego Maradona, former soccer star and still a national hero. One man kept a diary of an eventful week.

Day One (April 2). Preparing to board a British Airways flight to Buenos Aires. I can't help but ponder the significance of the date - April 2 1982, the crowds, with national flags and anti-British slogans, pouring into the Plaza de Mayo, the terrible sense of shock and apprehension I felt at the thought that Argentines and English could soon be killing each other over distant islands.

Fifteen years on, I'm not bouncing with a sense of commemorative celebration. Days before my departure, a veiled death threat to the English, addressed to me, is posted to my London office by someone claiming to be a Falklands war veteran.

When I lived in Argentina I used to get more threats than I care to mention. Some of them were bogus, but one had seemed potentially serious enough that the foreign office advised me to temporarily leave the country. So I ask a police contact for help. "Can't Mr Burns check it out before I

fly?" I plead. "That might take at least two months," is the answer.

At the BA check-in desk, an airline employee asks me if I am Dr Burns and whether I will require a wheelchair. The computer mix-up fuels my paranoia.

Day 2. After touching down in Buenos Aires, Ignacio, head of media relations for Planeta, my Argentine publishers, seems close to breakdown. "No one wants to touch your book. They say they don't want to get on the wrong side of Diego [Maradona]. It's like a Mafia out there."

In fact, Ezequiel Fernandez-Moore, a journalist, interviews me within hours. Fernandez-Moore is a hugely experienced football columnist with Pagina 12 - one of the harder hitting Argentine newspapers that speaks up for human rights.

While we talk over a cup of coffee in the lobby of my hotel, I catch sight of Carlos Bilardo, the former coach of the Argentine national squad who agreed to be interviewed for the book. "Hi Carlos. Remember me?" I extend my hand to friends.

Bilardo glares at me, delivers three sentences of expletives and turns away. The exchange is described by Fernandez-Moore

in his newspaper the next day with the comment: "Burns has been warned that launching *The Hand of God* in Argentina is not going to be an easy task."

Day 3. Today, a journalist with pro-Maradona leanings, cuts me off in a live radio interview. Instead, he reads a very emotional poem about the Falklands conflict. But at least I'm beginning to get interviews.

My next radio spot is supposed to be a phone-in programme. The only person allowed to phone in live is Guillermo Coppola, Maradona's manager.

"Burns is a liar, and everything in the book is lies," declares Coppola to a prime-time national radio audience.

"Have you read the book?" I ask Coppola over the airwaves. He admits he has not. He insists that all that matters is that those I claim to have interviewed have told him they have never met me.

At supper with some old Argentine friends, conversation revolves around the power of myths in contemporary Argentina. "People here still think the topic of whether or not Evita died a virgin is a serious political issue," a journalist working with



an Argentine TV channel says. She tells me that a producer pulled a planned interview with me at the last minute because of "pressures from above".

Day 4. Maradona collapses during a TV show in Chile. Ignacio finds more local journalists prepared to talk to me.

Only a minority however have actually read the book. Questions still revolve not on what I have written but why I have written it.

They tell me Alan Parker, the film director, had the same problem of perception when he introduced his film version of Evita earlier in the year.

Later, during another radio interview, I am attacked again. A listener declares herself to be an unquestioning follower of Maradona and challenges my right as an investigative journalist and author to write a critical assessment of his life. "You've come to rob us, just like all the other English," she shouts.

Day 5. A pre-recorded interview for one of Argentina's leading football programmes. The journalist asking the questions admits that most of my answers will be heavily edited. I ask him what the problem is? "You've written a book about politics, about drugs, about Mafia. It's a touchy subject here. We won't broadcast it because Diego might react badly," he says.

Another phone-in. My interviewer is a former female model called Tete, who now runs a very successful afternoon chat show. My book lies on the table in front of her, crisp and unread. She looks clearly bored with the subject of football, but declares her professional duty to tackle a sub-

ject that is causing a bit of domestic bother. Once again, Coppola is called upon live to give his expert opinion. Once again Maradona's manager accuses me of lying. He is followed by Maradona's former accountant, Marcus Franchi, who I interviewed in October 1995. He too accuses me of inventing the meeting.

"But I've got tapes to prove it," I appeal to Tete. She glares at me unconvinced.

I go and see Luis Moreno Ocampo, a local lawyer I had befriended during the trial of the military juntas for human rights violations after the Falklands conflict. He was then deputy state prosecutor.

He tells me he is now a TV star and offers to mediate between Franchi and me by having us on his programme. "You'll do wonders for my ratings!" he quips.

Moreno Ocampo's show is called "Forum"; guests say what they like about each other after signing a statement that bars legal action in a country where proving libel is lengthy and costly; the offer attracts me as a way of straightening the record. Franchi admits over the phone that I had interviewed him, but

backs out of the programme. Day 8. A photographer insists on having me pose with a football on my head, just like Maradona. We are in the middle of Florida, Buenos Aires' main shopping precinct. I strike a ridiculous figure, a skinny, most unsporting figure in a suit.

I have been told that the photograph will accompany one of the few objective criticisms of my book in La Nacion, Argentina's leading broadsheet.

I then agree, at Ignacio's insistence, to another interview with a pro-Maradona TV production company. I am driven to a piece of open ground near the La Recoleta cemetery, where parts of Evita's body have been buried from time to time over the years.

There, a man with a baseball cap and a large microphone leads a final strike on behalf of the Maradona camp. Questioning my right to write the book, he asks: "How would the English feel if an Argentine turned up and wrote a book about Prince Charles and Lady Di?" I think they would love it, I answered.

Postscript. First day back in London. Spring is in the air but I feel wasted. An Argentine friend living in England receives a phone call from Coppola. "Why did you give Jimmy such a rough time, Guillermo?" she asks.

"Why, all we want from him is a 30 per cent cut," says Coppola. The *Hand of God* is published on May 8 by Bloomsbury.

BOOKS

Hole at the heart of feminism

This is not a bold book: it is simply a smug memoir of teenage sexuality, argues Jackie Wullschlager

Do not get excited by the title: this book is about as erotic as a biology textbook. Nor is it, as the publishers claim, provocative or bold. Naomi Wolf, author of *The Beauty Myth* and billed as "the most outspoken and controversial feminist of her generation", has written a memoir of teenage sexuality in San Francisco which is smug, self-obsessed, predictable, and shocking only in its indication of the absolute spiritual and philosophical hole at the heart of contemporary feminism.

There are so many battles still to be fought by and on behalf of women - physical and material oppression, poverty and violence, inequality of opportunity and education worldwide - that this plaintive analysis of social attitudes to the grab-it-all Me-generation who came of age in the 1980s, this whining about the pains of adolescence as if it must be some (male) body's fault, sounds like shifting deckchairs on the Titanic.

Rearranging motel beds and sofas at sleepover parties is in fact the subject here. Across a background of blonde and the Grateful Dead and a city "that made us feel that we were not alive if we were not being sexual... the gorgeousness was so excessive it was like slapstick: the city poured champagne over your head again and again". Wolf makes four, sometimes contradictory, points.

One, that women want sex as much as men do, and that desire starts in early teenage life. Two, that in spite of a permissive sexual ethic, "it is still more difficult to lay claim to the personal experiences of the slut than to those of the virgin" - so women are forced into dishonesty about their past. Three, that other societies, the ancient Chinese, say, had more enlightened attitudes to female sex from which our tacky Penthouse culture should learn. And four, that this memoir is sociologically significant because "I think that we who were young in the early 1980s were perhaps the last generation of Americans who actually had childhoods... oriented around children's own needs and culture rather than around the needs and culture of adults".

With the first point, no one could cavil: literature from *Romeo and Juliet* to *Gone with the Wind* has celebrated teenage girls' love affairs and, even if it was only snogging at the movies, most women recall adolescence as an emotional earthquake zone. But such memories, good or bad, are part of our emotional baggage - we don't need *Promiscuities* as "important reading for every woman who wants to uncover her own secret history".

On the second, Wolf is trying to knock down her own invented snowman. At the end of a century which has welcomed young-girl memoirs from Anais Nin's incest diaries to the Duchess of York's tale of royal adultery, the only sort of intimate memoir that needs courage today is one detailing celibacy. Teen culture is

PROMISCUITIES: A SECRET HISTORY OF FEMALE DESIRE
by Naomi Wolf

Chatto & Windus £12.99, 272 pages

led by bad girls boasting about being bad - Madonna, the Spice Girls - in a society where having several sexual partners is the norm.

With her third point, Wolf plays a pick'n'mix game. Without putting them in cultural context, she praises the Kama Sutra, the Hindu Tantra and the Zuni Indians, for respecting women's sexuality; the Tao, for example, "contains descriptions of female desire with nuances so carefully observed that they make 20th-century sexologists' descriptions seem crudely impressionistic".

By contrast, in 1979 California "sex was a disco babe in a spandex halter-top who could still take the blame for giving the boys wet dreams... Young women have told me that they sense in some hard-to-define way that their desire, purely felt and not filtered through a toxic culture, might well feel more fierce, more clean and more precious".

Yet "for all its excesses, the Bay Area of the 1970s was a place where we girls could maintain a healthy skepticism when we ran

into the barriers and punitive shocks that accompany female erotic development... When I consider... our historical good luck, it sometimes dazzles me".

Of course this is contradictory tosh, because Wolf wants it both ways. What is this toxic culture? The airwaves "saturated" with the images of sexy women which Wolf and her friends, in their blonde boots and halter-tops, copied and which she now celebrates in this book. Wolf is on the one hand writing a self-congratulatory memoir - how could a 35-year-old producing a memoir be anything but vain? - in which she must talk up the culture that created her, while on the other hand she is trying to be a campaigning feminist.

"I want to point out ways of leaving behind what we don't like, and imagine how we can, as a culture, embrace what women love, and teach girls the validity of their desires", she writes. But you cannot have civilisation without its discontents - you have to give up something primitive and wild for it. She means that boys did not respect her and her friends' sexuality, but - sorry to sound like the headmistress - what is there to respect about a batch of teenagers in spandex halter tops grabbing what they want for themselves?

On the other hand, sex, however you legislate, whatever social expectations you encourage, is always dark and complicated - that is part of the thrill. Similarly, adolescence - a luxury in cultures affluent enough to allow a separate state between childhood and the adult responsibilities of earning a living - is always both painful and exciting. Her conclusion, "I think we became women, in our culture, when we made the decision... to determine the meaning of becoming a woman for ourselves" is a vacuous blend of American individualism and 1990s blandness which tells us nothing at all.

Wolf flirts with scholarly names but, like *The Beauty Myth*, *Promiscuities* is closer to self-help manual (for "every girl on the brink of womanhood"), with its chatty interviews with the author's friends, than to cultural critique. It has the self-help genre's conviction - intellectually fatal - that if a problem is identi-



A traditional expression of female sexuality: the "Sylak" skin painting of Berber tribeswomen in the northern Sahara is thought to promote fertility and ward off hostile forces. Pictured in "Decorated Skin", a pictorial survey of body art from ancient Egyptian cosmetics to 20th century punk piercings, by Karl Gröning (Thames & Hudson, £45)

fied and solved, happiness will follow, dovetailed with the American belief in self-fulfilment as a human right. A chorus of girls interviewed here regret that they were sexualised too young. Wolf's suggestion that teenagers are encouraged to return to what the 1950s called "heavy petting" - surely this has been publicly advocated at least since the start

of the AIDS epidemic? - is a response to her view that "childhood in this culture has been corrupted beyond the imagining of those who grew up before the sexual and cultural revolutions of the 1960s and 1970s by the irresponsible behaviour of adults... we [must] make restitution to the children". Here, three pages before the

end, is a serious and important idea. A lot less self-indulgence, a dash of the humility that comes with a sense of historical perspective, and Wolf could have written persuasively on whether childhood is disappearing and what we should do about it. That, rather than what women do in their intimate lives, is a valid subject for the new generation of feminists.

Literary life in the country

Anthony Powell will be 92 at the end of this year. These *Journals* of 1990-92 cover the period when he was a mere 85 to 87-year-old. By any standards it is an impressive age at which to be still actively writing. Powell's *Journals* are often remarkably acute in each of the three areas that mean a great deal to him: people, literature and surprisingly (considering the absence of gastronomic passages in the fiction) wine and food. The main question they raise is, how much of what he jotted down was seriously intended for publication?

A visit from a journalist who took Powell to the restaurant at St John Easton Park in search of copy for the *Londoner's Diary* may be regarded as fair game, dog biting dog. "... Luncheon estate in a rather la-di-da way, not without trace of nouvelle cuisine, at £25 a head. I had sliced up scallop with decoration of fruit and ice-cream; hot salmon (goodish) with rather awful salad; some form of chocolate pudding; better coffee than

JOURNALS 1990-1992
by Anthony Powell
Heinemann £20, 238 pages

usual with chocolates. I asked for black, got a rather fiery Johannisberger of unknown date (if any) of which I had one glass. Scriven consuming the rest after a Beck's Fizz."

But the intimate, not to say often bitchy, comments extend to members of the family circle and close friends who call on him at The Chantry near Bath where he lives, are sometimes downright embarrassing. A former editorial band could have been employed. And the interminable passages where Powell describes his reaction, and those of others, to his portrait and his newly sculpted bust, should have been curtailed. After wading through them it is ironic to hear Powell describing Henry Green, about whom he is very rude, as narcissistic.

Except for visits to the dentist in London, to nearby restaurants, or to Frome for a haircut, Powell remains house-bound. When he was made an Honorary D Litt of the University of Wales the Vice-Chancellor and Faculty descended on The Chantry for the conferment ceremony. Powell's Somersetshire fastness seems during these two years to be in a perpetual state of friendly siege but he puts up with dons, fans, interviewers, researchers who flock there with forbearance.

Regular callers are his children and grandchildren, and eminent friends such as the late Sir Kingsley Amis, the late Evangelina Bruce, the Quintons, Hilary Spurling, Selina Hastings, Hugh Massingberd. Those who call on business are Bruce Hunter, his agent, artists who have been commissioned to design covers, TV and film teams.

In spite of so many visitors Powell manages to do an enormous amount of reading. His reactions to his almost daily diet of Shakespeare are always entertaining.

His sessions with Feuchtwanger, Somerville and Ross, Scott Fitzgerald, Patrick Hamilton, Maurice Sachs, to say nothing of his perusal of French masters like Balzac, Stendhal and Proust, constitute the chief pleasure of the volume.

He is thrilled to read in a new book on Tiepolo that the imaginary painting he described in *Temperary Kings* is regarded by the writer, a distinguished art historian, to be as good as the real thing. Then a letter arrives from his publisher stating that copies of his book on John Aubrey are going to be reissued. Even at Powell's lofty level of literary life, you win some and you lose some. This book will give qualified delight to those within the charmed circle and to his loyal admirers.

Anthony Curtis

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Rereadings/Nadine Gordimer

Truth at the root of all fiction

Favourite books; how inadequate any choice must be when one has been illuminated, devastated, opened to life by so many great works over a lifetime! I am talking of fiction, works of the imagination, including poetry. Philosophy and biography come second; and isn't the best of contemplation of the meaning of life, and the scope of living events,

expressed in the imaginative dimension of fiction? I must resist the temptation to rove back in time and make a list of what I remember as meaningful to me at different periods of

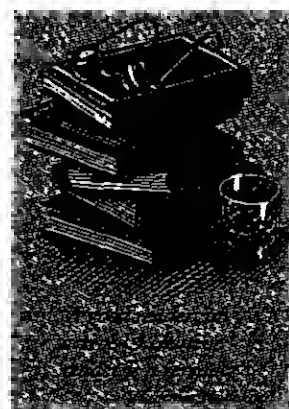
my life: Rilke, Yeats, Dostoevsky, Conrad, E.M. Forster, Thomas Mann - on and on, to Joseph Roth, Danilo Kis, Naguib Mahfouz, Gunter Grass and Amos Oz, etc. Let what rises spontaneously to the surface as my essentials, now, be my favourites.

Robert Musil's *The Women I Have Known* for the - how many times? These stories are an exploration of the possibilities of the short or not-so-short story that probe beyond the touchstones of Chekhov and Kafka. Musil kept a notebook which he labelled "Borderline Experiences" and the five stories are exquisitely daring, exploring Musil's premise which is, as Frank Kermode says in his introduction to the translated collection, "Erotic

ecstasy is beyond good and evil."

Power, in the form of the place of class differences in relationships, emerges as inextricable from eroticism; indeed eroticism is revealed as one of the sources of power. "Grigia", "Tonks" and "The Lady From Portugal" are three of the best stories in my personal canon of what is illuminating, devastating in modern literature.

Michel Tournier's *Vendredi* is another work that has just passed my test of multiple rereading. Crusoe, shipwrecked, passes by means of the searching imagination of Tournier not only through all the stages of human attempts to master environment, from hunter-gathering to manufacturer, but also through the deepest and



most secret inner life of what it means to be human: the need of Self for the Other; and finally the need for the human to mend the broken links between the human and the natural world from which he has

exiled himself, stranded in urban chaos, another kind of castaway.

The novel was written years before the environmental crisis we are heading for was recognised; Tournier's beautiful philosophical novel seems to take on fresh meaning with each reading.

Then there is William Plomer's *Turbott Wolfe*. This wild and testy, young man's novel - Plomer was 19 years old when he wrote it in the early 1920s - is the beginning, along with Sol Plaatje's *Mhudi* and Thomas Mofolo's *Chaka*, of the truth about South Africa. Roy Campbell wrote of Plomer as the one "Who dared alone to throw a craven race/and hold a mirror to its dirty face". In the words of one of Plomer's own wonderful poems, "HORROR was

written on the sun" in the conquered colonial land of opportunity the English narrator Turbott Wolfe, was "sent out to".

Wolfe himself brings with him all the racial and class prejudices of Europe - he bittily stereotypes Jews, Indians, Anglo-Saxon parsons, Afrikaners - and then has to confront himself in his store in (thinly-disguised) Zululand with the root of them all, the face of the ultimate Other: the rejection of black people, and the conflict between fear and attraction within it that made whites' reaction so cruelly fierce.

Plomer was vilified and had to quit South Africa when his novel outraged the whites with the truth about themselves; I wish he were alive today to know that it is now recognised that there is no reconciliation without facing that truth, and that a commission named for that very concept is pursuing officially what he did with lyrical brilliance in his novel more than 60 years ago.

exist for much of the book - the protective trance, perhaps, of the abused child - and partly because, for all the beauty of its prose, it lacks the texture of everyday life. Each moment she describes appears to be epiphanic; when anyone speaks, it is to utter something sharp or cruel or pregnant with meaning. Without for one moment doubting Harrison's account, it continually prompts questions about what else was going on in between the edictal exchanges through which, in 200 brief pages, she attempts to measure out a life.

What the book establishes is that Harrison has suffered, and is probably still suffering. To write about such events requires unusual courage, to do so with insight, rather than creating a structure to contain their still corrosive damage, is perhaps too much to ask. It is possible to admire Kathryn Harrison's decision to write *The Kiss*, yet close the book with a niggling sense that it does not contain the whole tragic story.

Joan Smith

A cool, surreal account of incest

Kathryn Harrison's story is roughly as follows. Her teenage parents divorced when she was six months old, leaving her to be brought up by her mother. When Harrison was six, her mother moved out altogether to a nearby apartment, refusing to reveal her new address or telephone number and relegating her daughter to the care of her own elderly parents.

As she grew up, Harrison saw her father - a man who went from being an encyclopedia salesman to a preacher - no more than three times. As a young college student, she returned home for a family reunion which ended, at an airport, with the kiss which would become her book's title. "My father pushes his tongue deep into my mouth; wet, insistent, exploring, then withdrawn. He picks up his camera case, and, smiling brightly, he joins the end of the line of passengers disappearing into the airplane".

It is a testament to Harrison's bizarre upbringing that, following this episode, she proceeds to inquire of her then boyfriend whether

such behaviour from a father is "weird".

Shortly afterwards, she drops out of college and embarks on a four-year affair with her father which ends only with her mother's premature death from breast cancer. In *The Kiss*, Harrison describes the affair in terms which, both in language and location - a series of cheap hotel rooms across the US - recalls Nabokov's *Invitation to a Beheading*. "We quarrel sometimes, and sometimes we weep", she writes, recalling these sordid journeys. "The road always stretches endlessly ahead and behind us, so that we are out of time as well as out of place".

Harrison's theory, which is lent considerable weight by the timing of the end of the affair, is that both she and her father were in some sense involved in a *ménage à trois* with her absent mother. Neither, as daughter or hus-

band, had ever been able to hold her attention and it is only with her death that either of them achieves release. Harrison finally finding the strength to break off the relationship. She has not seen her father since.

Now in her 30s, she lives in New York with her bus-

THE KISS
Kathryn Harrison
Fourth Estate £14.99, 224 pages

band, the writer Colin Harrison, and is the author of three novels - one of them about an incestuous father-daughter relationship. An odd note at the beginning of the book asserts that "Kathryn Harrison is the writer's married name. She also not used her maiden name in a number of years." This may be a device to protect Harrison's relatives, but it hints at the central problem with



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BOOKS

The spy who worked too well

William Dawkins on the career of Richard Sorge, the Soviet undercover agent

Richard Sorge, possibly the most successful spy this century, described Japan as a crab: a hard shell with soft insides.

Sorge's skill at breaking through the shell with such surgical gentleness that he operated unnoticed by the Japanese secret police for eight years, gave him the opportunity to influence the direction of the Pacific War. But the indifference of his masters and betrayal by colleagues meant that Sorge's intelligence material was largely wasted, and even contributed to his execution by hanging in 1941.

Spying is a sad, dirty business. There is plenty of evidence of that in this gripping account of Sorge's Tokyo spy ring by Robert Whymant, Tokyo correspondent for the Times. He draws on recently released Russian archives to add much new mate-

rial to an important hit of Japan's wartime history, which further underlines why even modern Tokyo governments find it hard to trust Moscow.

Sorge worked, under cover as a German foreign correspondent in Tokyo, for Soviet Red Army intelligence just before and during the second world war. He accurately relayed to Stalin the timing of the German invasion of the Soviet Union's western borders, and yet Stalin was too arrogant to believe that the non-aggression pact with Hitler was about to be broken. So he ignored Sorge's telegram, marked him down as a subversive and recal-

led him to Moscow, where the spy would no doubt have faced a firing squad.

Sorge sensibly judged that in Tokyo he was out of reach of the Soviet authorities, and so continued to work. Even with the knowledge that he had been discredited for doing his job well, Sorge continued to convince the members of his ring that their work was of the highest value to Moscow. In some ways, Sorge comes over as an unpleasant man. But his faults are tempered by an element of idealism, which no doubt carried him through hard times. Some say, however, that he was no idealist and only

continued to spy for Stalin because that was the only option. Either way, Sorge was amazingly effective. His next important bit of intelligence was that

STALIN'S SPY: RICHARD SORGE AND THE TOKYO ESPIONAGE RING
by Robert Whymant
I.B. Tauris publishers £25, 368 pages

the Japanese were in no mood to invade Siberia. This time, Stalin believed him, and moved vital reinforcements from the east to beat off the Germans in the west. Without the knowledge that the

Soviet Union's eastern flank was safe enough to leave almost undefended, Stalin might never have triumphed over Germany.

But despite the value of his intelligence, Sorge remained an embarrassment to Stalin. Unknown to Sorge, his radio operator was failing to send on telegrams to Moscow, paralysed by a mixture of panic and second thoughts about communism. Thus, when Sorge was eventually arrested by Japanese police, acting on a tip off from a frightened colleague, Moscow disowned him. It was not until 20 years after his execution, when criticism of Stalin became acceptable, that

the Soviet government recognised Sorge as a national hero.

It is remarkable that Sorge managed to operate for so long before being caught. His cover was superb. He was a prominent member of the Nazi party in Japan, and therefore of impeccable credentials in the Tokyo government's eyes. His source of intelligence on Germany's war plans came from none other than the German ambassador to Japan, Eugen Ott. He was a close personal friend of Sorge, even though for a time his wife was Sorge's mistress. The local head of the Gestapo was a regular drinking companion.

Of Russo-German parentage, Sorge actually fought in the German army in the first world war and had a leg wound and limp to prove it. How could he possibly have worked for the wrong side? Even after Sorge's execution, the poor ambassador refused to believe that his best friend had been relaying the embassy's secrets to Moscow.

The Japanese, however, had no doubts. The discovery that Germans had naively welcomed a Soviet spy into their embassy meant that Japan was never able to trust Germany again for the rest of the war. After Sorge's arrest, co-operation between Japan and Germany declined. The rift deepened and may have hastened the end of the war. So, despite the betrayals, Sorge posthumously fulfilled his ambition, to drive actual and potential aggressors off Soviet soil.

Myth of the US cowboy

Jurek Martin on the elevation of John Wayne from actor to icon

If you believe Garry Wills, who knows few peers as a persuasive contemporary chronicler of America, John Wayne in person was rather less than the tough, rugged individualist he is invariably portrayed on screen.

We are advised, for example, that the ultimate film cowboy "hated horses, was more accustomed to suit and ties than jeans when he went into the movies and had to remind himself to say 'ain't'... Wayne was not born Wayne. He had to be invented."

We learn, too, that the soldier hero of the *Stand by Me* *Jana* and the *Green Berets* was so committed to his film career that he "nimblely manoeuvred to avoid volunteering or being drafted" during the second world war. Nor was he ever in the early vanguard of Hollywood anti-communism that became his later real-life crusade, preferring instead "to emerge after the battle and shoot the wounded."

Not that Wills, whose prolific and often brilliant pen has encompassed presidential icons from Washington and Lincoln to Kennedy and Reagan, with detours via Jack Ruby, *Macbeth* and religion, considers Wayne to have been a blatant fraud. There was too much innate authenticity in the way he walked and talked, on screen and off it, for the actor's skills alone to have bridged the gap between art and life.

What exercises the author is both the construction of a myth and the apparent need for myths, certainly not confined to America. "A myth," he writes with customary insight, "does not take hold without expressing many truths - misleading truths, usually, but important ones; truth, for one thing, to the needs of those who elaborate and accept the myth."

The American myth is, of course, rooted in this old West. John Wayne characters are "untrammelled, unspoiled, free to roam, breathing a larger air than the cramped men behind desks, the pygmy clerks and technicians [and combining] all these mythic ideas about American exceptionalism - contact with nature, distrust of government, dignity achieved by performance, scepticism towards the claims of experts."

This explains Wayne's **JOHN WAYNE'S AMERICA: THE POLITICS OF CELEBRITY** by Garry Wills
Faber and Faber £20, 380 pages

enduring popularity - and why American presidents, who usually run for office in order to fix government as Jimmy Stewart did in *Mr Smith Goes to Washington*, have a habit of wrapping themselves in his metaphorical boots-and-saddles, God-and-country celluloid values. So Wills does not offer a biography of John Wayne - beyond the bare details, born Marion Morrison in Iowa in 1907, three Hispanic wives, the 1930s B-movie etc - because they are less interesting than the myth. He does delve a little more into the social and political attitudes prevalent during his 45 years in the movies, though hardly to the point of justifying the book's subtitle, "the politics of celebrity."

Instead he focuses on the films Wayne made and on the men who directed him and built the myth. That started in 1929 with Raoul Walsh who watched him shifting props and starred him in *The Big Trail*, ran through Howard Hawks, emphasising *Red River* and



John Wayne: he hated horses, and in person was rather less than the tough, rugged individualist he invariably portrayed on screen

Rio Bravo in the late 1940s, and, above all, the 25 years he spent working with, more often under, John Ford.

This relationship is spanned by two great films - *Stagecoach* in 1939 and *The Man Who Shot Liberty Valance* in 1962. In between were classic Wayne westerns, *The Searchers* and *Fort Apache* among them, and departures from the norm, as to Ireland with *The Quiet Man*. Extensive passages of the book are devoted less to Wayne than to Ford - by

turns sadist, drunkard and genius and not a man of whom Wills approves.

It is also here that the author is found sometimes at his least persuasive, almost as if he has strayed into pastures - film not politics - for which he has less instinctive feel and on which he must rely on secondary sources, duly cited in no less than 36 pages of notes and cross-references. Recycled schematic dissections of film sequences can make for tedious reading if they stray

too far from the central thesis, even when the tangents genuinely enlighten - homocriticism in Westerns, for example.

But that, perhaps, is too much of a carp, induced by reading so many fine Wills books over the years and by some personal disbelief in his premise of John Wayne as the ultimate and timeless American starlet (were Bogart, Gable, Stewart or even Fred Astaire and Clint Eastwood that ephemeral?)

Still, Wayne's universal appeal cannot be denied, even extending to a country where, Hollywood and Mel Gibson would now have it, the frontier died 600 years ago in Scotland. A British Film Institute survey in 1988 decreed that he had starred in four of the best ten Westerns ever made.

That is a pretty respectable batting average and Garry Wills makes an eminently readable and fair, if not perfect, pass at explaining how myths are made.

McLaren's banking background enables him convincingly to navigate the murky world of venture capital, and his research into Artificial Intelligence is impressive: there is always enough intriguing detail here to convince, never so much that it suffocates. He has a nice, easy writing style that borders on the nonchalant. Sometimes it is almost too casual. The characters lack substance, and Hilton only really comes alive, perversely enough, on his deathbed.

The plot is also a bit too

Thrillers/Nick Curtis

User-friendly conspiracies

One night in 1995, merchant banker and former diplomat John McLaren dreamed that a dead man was taking money from a bank, and by morning he had the rough outline of his first techno-thriller, *Press Send*, the story of a young computer scientist whose technological know-how enables him to short-circuit death and take witty revenge on his enemies from beyond the mortal plain, secured book and film rights worth over \$1m for McLaren before it was even completed.

One can see why. *Press Send* surfs the current wave of interest in and awareness of techniques once the exclusive domain of computer nerds, and has the kind of light touch that Hollywood loves. It is as compact and user-friendly as a laptop.

Hilton Cash is a twenty-something systems inventor robbed of his chance to discover the holy grail of a computer world - a machine that can actually feel and think - by the caprice of a bunch of bankers. Hilton has an identical twin, Conrad, a disgruntled graphic designer. The two are not just physically but also psychologically identical - traumatically orphaned oddballs with no tact, no head for business, and no luck with the opposite sex. When Hilton discovers he's dying of cancer, he "saves" himself (in the data-saving rather than the spiritual sense) and sets about evening the score between the Cashes and the world.

McLaren's banking background enables him convincingly to navigate the murky world of venture capital, and his research into Artificial Intelligence is impressive: there is always enough intriguing detail here to convince, never so much that it suffocates. He has a nice, easy writing style that borders on the nonchalant. Sometimes it is almost too casual. The characters lack substance, and Hilton only really comes alive, perversely enough, on his deathbed.

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cute, Hilton's revenge too neat and sweet, for comfort. It is almost as if McLaren had the story conventions of a Hollywood blockbuster in mind as he wrote it. That doesn't make *Press Send* any less readable, and it is a sensible move for an author these days to keep other mediums in mind. Perhaps he should consider a computer game, too.

I might have been more enamoured of *Press Send* had I not read it in conjunction with *Interface* by Stephen Bury (a pseudonym for two writers). A weightier book than McLaren's in every sense, Bury's story of a US presidential candidate

PRESS SEND
by John McLaren
Touchstone/Simon & Schuster £10.99, 302 pages

INTERFACE
by Stephen Bury
Michael Joseph/Simon & Schuster £8.99, 283 pages

saved after a stroke but thereafter sinisterly controlled by a computer chip in his brain, is twice as long and about twice as deep as *Press Send*. *Interface* plays not only on fears of technological Frankensteinism, but orchestrates a page-turning conspiracy theory of bogging proportions. The characters here are more rounded and believable, even if our guinea pig hero, governor William A. Cozzone, seems too good to be true, a Vietnam vet, and football star who appeals to liberals too. But this is part of the point: Bury (as I might as well continue to call him) writes masterfully enough about manipulation, both of images and technology, to enthrall and astound even the most hardened cynic.

The sweep and scope of this book is enormous, but Bury keeps a tight lock on the narrative and throws up newly subversive ideas about America and its politics with every page. You don't need a super-computer in your head to find *Interface* bugle enjoyable.

In the footsteps of a monk

William Dalrymple has earned a rapid reputation as a brilliant young travel writer, with *In Xanadu* and *City of Djinns*: he is an Asia hand, though he spreads his Asian net wide. From the *Holy Mountains* is an splendid book. His subject this time is what used to be the world of Byzantium, which today has become Turkey, the Levant, Egypt.

He has given himself a structure: following in the footsteps of a sixth-century monk, John Moschos, author of the best-selling *The Spiritual Meadow*, and his young pupil, later to be Patriarch of Jerusalem, Sophronius the Sophist. Starting in 597 AD, these two men travelled from the length of Byzantium to Upper Egypt, in the years immediately preceding the arrival of Islam. Dalrymple copies their route hot, sensibly, does not make too heavy a

point of Moschos's narrative. The journey is constantly interesting, though the book is overlong. From Istanbul Dalrymple aims for South East Turkey, where he has all sorts of problems to do with the Turkish suppression of the Kurds and of the Armenian heritage. It is clear that he doesn't like the Turks: ("they even think Homer was one of them", says a Greek girl. "They say he was a Turk and his real name was Omar").

But he gets to the Anatolian monastery of Mar Gabriel, built in 512 and dating back to 397, still practising today and little short of a miracle. "To discover these monks feels almost as odd as stumbling across a long-lost party of Roman legionaries guarding some remote watchtower on Hadrian's wall..."

Once into Syria, Dalrymple relaxes. He touches on the travel writer's familiar places - Baron's Hotel in Aleppo, for example. But in Aleppo he also discovers an ancient form of plainsong which, he argues, is a direct ancestor of Gregorian chant and therefore the entire tradition of sacred music.

The new Lebanon he seems to detest, in particular the rebuilding of Beirut. "It was like a morality tale, spl-

alling downwards through one of the world's greatest monuments to human frailty, a huge vortex of greed and envy, resentment and intolerance, hatred and materialism, a five-mile-long salom of shellholes and designer labels, heavy artillery and glossy boutiques..."

FROM THE HOLY MOUNTAIN: A JOURNEY IN THE SHADOW OF BYZANTIUM
by William Dalrymple
HarperCollins £18, 483 pages

He recovers on the West Bank, at the Mar Sabah monastery which was John Moschos's base and is today "the last of the ancient monasteries of the Holy Land to survive as a functioning community". Dalrymple stays there: its asceticism is still ferocious.

He goes on to Alexandria: after references to Durrell, Cavafy and Forster, he has to admit that, like everywhere else in the Ottoman world, "the multi-national has given way to the mono-ethnic, the cosmopolitan to the national..." and it is now, "for the first time in its history, a truly Egyptian city". And then he presses

south to the Byzantine frontier, to the Egyptian deserts where Christian monasticism was born and still, remarkably, survives: there is actually a revival of monasticism.

But that runs counter to Dalrymple's theme. He has been tracking down, it emerges, the decline of Christianity in today's Middle East. He admits that the situation varies from country to country, but he can cling to his central thesis. In Turkey, the Christians are caught between Turk and Kurd; in Syria they are well tolerated as a minority; in Lebanon they are engaged in a mass emigration, in Palestine they are also emigrating; only in Egypt are they threatened by Islamist fundamentalism.

Dalrymple's argument, in this effective and impressive book, is strong. The extinction of John Moschos's Byzantine Christianity seems imminent, or at best in decline, except in Syria. To sum it up, in the Old City of Jerusalem the Christians today make up just 2.5 per cent of the municipality's population: there are more Jerusalem-born Christians in Sydney than in their holy city.

J.D.F. Jones

Poetic licence with Latin

This biography is about 50 per cent fantasy. That is a casual estimate, but needs to be made explicit. Some innocent readers might otherwise suppose that the biographer had the usual documentary sources to support his reconstruction of the life of Q. Horatius Flaccus (65 to 8 BC). Taken at random, here is a simple example of the fantasy, where the rapport between Horace and his patron Maecenas is described: "With Maecenas Horace remained on excellent terms. While his friend whizzed here and there on Caesar's business, Horace followed when invited, beaming amiably."

Alas, no ancient historian tells us whether Maecenas whizzed at Caesar's behest, let alone whether Horace trailed along. Pure supposition - or, to put it another way, just reading between the lines. The lines here are those left to us by Horace: a Latin poet greatly esteemed in his own lifetime, and the Latin poet perhaps most influential in the course of English literature. Levi makes full use of that second factor, drawing upon Horace's many English renditions whenever his own enthusiasm for translating wanes.

The good news for inadequate Latinists is that everything (and there are many quoted chunks of Horace) is in English. Yet Levi curiously assumes that while his readers have no Latin, they will nevertheless be familiar with the mannered shadows of Horatian scholarship. Like most writers, Horace led a dullish life. His carnal nature is hardly pursued

pressed, he never pounded in the epic mode of his contemporary, Virgil. But his slim volumes have become what he predicted they would be: a monument, more durable than bronze.

It was Levi's teacher Fraenkel who characterised Horace's essential poetic tone as "mellow wisdom". Nuggets of Horatian wisdom - "nil desperandum", "carpe diem", and so on - may even have passed into more or less common parlance. But what image of the wise man's mind can be extracted by Levi's method of intraline reading throughout Horace's poetic remains?

As it turns out, this is a subjective response: one

here, though Roman gossip speaks of a bedroom lined with mirrors, and the poetry seems mildly bisexual. As a young man he took part in battle at Philippi, on the losing side of Brutus. The poet, who would later opine that it was sweet and honourable to die for one's country, on that occasion threw away his shield and scurried.

In due time he eased into the favour of those who were the opposition at Philippi. Eventually he was given an estate in tranquil countryside to the north of Rome, where he drank and pottered about, sufficiently independent to refuse offers of work at the side of emperor Augustus. His poetic output seems tenuous in bulk: though he could raise a fine patriotic chorus when

man of letters to another, communing across the centuries. "No poet is so unlike what I once lazily imagined", says Levi. And he stitches a sympathetic commentary on Horace's work, mixing revelation with re-evaluation. Since Horace was not given to self-censorment, and wrote many of his poems as if part of the duties of personal friendship, the result is often a credible form of fantasy. If any summary of Horace's essential tone or nature tends to oxymoron, that is not Levi's fault. Rustic urbanity, calculated insouciance, simple sophistication, salacious moralising - these are just what Horace's poetry conjures. The lightness of touch Levi adds to his scholarship makes for a genial read. The ultimate worry, though, is how much of Horace's true worth can be shown in translation.

HORACE: A LIFE
by Peter Levi
Duckworth £25, 270 pages

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Nigel Slipvey

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ARTS

Anglo-Saxon wedded to the classics

The poet Tony Harrison is 60 next week. Peter Forbes celebrates an uncompromising career

When Philip Larkin's 60th birthday was celebrated in the volume *Larkin at Sixty*, Alan Bennett joshingly remarked: "Apparently he is 60, but when was he ever anything else? He has made a habit of being 60; he has made a profession out of it". But for Tony Harrison, who is 60 on Wednesday, the opposite is the case. His continuing energy and the range of his projects make the idea of him being 60 slightly unreal.

Poetry is generally a solitary craft and all poets carve out a singular niche in terms of what other work they do, how involved they get in peripheral activities such as reviewing, editing, anthologising etc. Tony Harrison, though, is unique amongst contemporary poets in having nothing whatever to do with all that. Everything he writes is verse, there is no dilution, and he is extremely prolific.

The Tony Harrison legend has many strands. Tony Harrison is the Leeds scholarship boy - born to a very traditional working-class Yorkshire family - who passionately embraced Greek and Roman classics, literature *tout court*, lived

and worked in Africa and Czechoslovakia and wrote scandalously sexy poems about his new experiences. The shocking disjunction between his new life and the world he came from caused a rift between him and his parents. This, and Harrison's anger against the middle-class culture he now inevitably inhabited, became the subject for the poems that made his reputation, the *Continuous* sonnets, which have been added to throughout his career.

Then came his huge successes for the National Theatre: *The Misanthrope*, *The Oresteia*, the three-part *Mysteries*, *The Trackers of Ogyrhynchus*, and the television verse documentaries. His approach to verse drama is unique, wedding North Country Anglo-Saxon to versions of classic works in other languages and from different eras. On television he has become the first poet since Bertalan to have established a regular niche.

Harrison is an obsessive, a driven man. The long poem *r*, which became a TV film and is his most famous single poem, marked the climax of his work on class and England: the dialogue with a skinhead dramatising Harrison's own anguish about art and inarticulacy.

Since then his other great theme, "Art and Extinction", as he calls it in a poem sequence, has been to the fore. This has resulted in works on Hiroshima, the Gulf War, and the use of science in warfare (*Square Rounds*).

A fascination with, and terror of, fire, has pervaded his work from the beginning. One of his earliest formative influences was that of the benign fires of VE and VJ nights in 1945. His latest grand project is in this line. *Prometheus* will be his first feature film: produced by Michael Kustow and Andrew Holmes and featuring Barry Rutter, veteran of so many of Harrison's theatrical productions, this Channel 4 film will deal with the ravages of heavy industry and link them to that primal mythical grasping at fire which has been the dynamic force behind the development of modern industry and society.

Prometheus promises to do for Harrison's art and industry theme what *r* did for class. But it is on a much larger scale. A verse epic of 118 pages is the kernel of a film that, starting in Yorkshire, will go on a pilgrimage through 10 countries and some of western and eastern Europe's most polluted indus-

trial sites to Aeschylus's birthplace near Athens, itself now surrounded by a petrochemicals plant.

The scope of Tony Harrison's work is itself Promethean. His energy and talent have attracted a network of supporters like Michael Kustow, Richard Eyre and Melvyn Bragg. Eyre, and Bragg have the major spots in the *Festschrift* volume *Tony Harrison: Leiner*, edited by Sandie Byrne, which will be published in June.

Before the hook, we have Michael Kustow's Radio 3 celebration, *A Constant Singing from the Flames*, broadcast tomorrow, with friends, family and fellow artists talking about phases of his life, and plenty of the man himself reading. Particularly moving is his daughter Jane, who sheds a rare light on a family we seem to know so well, but only through Tony's poems. She talks about the serious road accident she had as a child and the way it reinforced Harrison's conviction that the flame of life must be nurtured against all the dark forces ranged against it.

As he enters his 60s Harrison is as busy as ever. The Radio 3 pro-

gramme includes a new poem, "Auroras"; the current Poetry Review has "Yorkshireshire", a poem he wrote while his friend and fellow Yorkshireman David Hockney was sketching him for *Leiner*.

Harrison is such a force that everything he touches becomes Harrisonian. The climax of his play *The Labourers of Herakles* has him breaking the drama to deliver a personal speech about war, genocide and Greek drama. At the work's premiere the speech was greeted at its end by one of the labourers shouting, "Who the fuck was that?" Harrison's works are full of alter egos shouting something very much like that at himself. His internal conflicts are now public property. Richard Eyre once asked him what distinguished a great actor from a good one: "It's the shape you cut in the air", he said. At 60 Tony Harrison is still handing the air in unignorable ways.

A Constant Singing from the Flames is broadcast at 5.45 on Radio 3 tomorrow, will be further short readings throughout the following week. *Tony Harrison: Leiner* is published by Oxford University Press in June.



Tony Harrison: as busy as ever, he has become the first poet since Bertalan to establish a niche on television

Theatre
Wild
energy
runs
amok

One hundred years on, Alfred Jarry's *Ubu Roi* can still yield inspired productions, if the director plugs into the wild energy of the play. The last staging I saw came from France and used vegetables as all the supporting parts: the king of Poland was a red cabbage; the noblemen were leeks; the peasants were humble mushrooms. So it was that when Pa and Ma Ubu launched into their orgy of violence they were able to smash the rest of the cast to smithereens: I will never forget them decapitating leeks with a gusto that encapsulated the violent playground atmosphere of the play.

John Wright's excellent new production at the Gate Theatre in Notting Hill sticks to the more conventional type of human actor, but it too plunges you into Jarry's grotesque world and is everything you need *Ubu* to be: scatological, ferocious, puerile and ridiculously funny.

Wright's production, in a new and enjoyably lurid translation by Kenneth McLeish, is set at a dinner to honour Ubu's centenary. In David Rogers' design the entire auditorium of the Gate is taken up by a long dining table with the audience ranged on either side. This arrangement leaves only two areas that the cast can perform in - either on the table or beneath it. This they duly do, marching on the tablecloth, crawling underneath it, diving in and out of trap-doors - again, childish behaviour that suits the play admirably.

First we meet the dinner



Scatological, ferocious, puerile and ridiculously funny: Joanna Holden and Stephen Finegold as Pa and Ma Ubu in 'Ubu Roi'

guests, a set of toffs who have assembled to eat and drink in Ubu's honour. But as they scramble to outdo one another in witless small talk, they are suddenly invaded by Pa and Ma Ubu, who burst onto the table and conscript them into acting out the play. Wright has Pa Ubu played by a woman and Ma Ubu by a man, an inspired move which brings

us crude, pantomimic associations. Joanna Holden is splendid as Pa Ubu, a gross, rotund (padded), monstrous blob of a man, rather like Hitler after far too much Bratwurst, and she is wonderfully matched by Stephen Finegold as Ma Ubu, a gangling dame in dirty underwear, mob cap and army boots.

The cast is immensely var-

satile and physically ingenious. Particularly notable is Fraser Corbin as Ubu's retainer, Doggie. After a nasty session on the rack, he hauls himself off to betray his king, on legs bent at the sort of angle one usually associates with pipe cleaner dolls. It can't be good for his ankles, but it is very effective. All the cast play with great, driven energy and

there is endless inventiveness in keeping with the play's lavatorial humour: sink plungers are used as weapons, lavatory fresheners as medals and toilet rolls as hand grenades.

The performance only lasts 75 minutes, but all the same, after about an hour a certain battle fatigue sets in: it is, after all, a very adolescent piece. But there is no

denying that, in his creation of the monstrously cruel and greedy Ubu, Jarry touched on something chilling about the human race, and Wright's fine, frenzied production puts that across forcefully.

Sarah Hemming

Gate Theatre, London W11 to May 10 (0171-229-0706)

Brilliantly
brutish

For teachers struggling to sell *Animal Farm* to Year 9, help is at hand. Northern Stages' production, adapted for stage by Ian Wooldridge and directed by Alan Lyddiard, tells the story with admirable clarity, but is also an exciting, physical and extremely messy affair. The first few rows of the audience at the Young Vic are kitted out with plastic mats to protect them from the muddiest excesses of the action. Earplugs might also be a wise precaution, as there is plenty of harsh, crashing music to accompany the brutal rise of the pigs.

This is what you might call an earthy production. Cath Hieatt's design is bleak and bare: the stage is strewn with soil and empty except for a few wooden pallets and an old bathtub full of water. This set readily becomes the muddy farmyard, but it also has a timeless quality, and Lyddiard adds an extra, poignant dimension to Orwell's story by having it performed by a group of refugees.

The members of the cast file on to the earth-strewn stage looking small and lost in large overcoats and carrying parcels and suitcases. They call to mind the Jews fleeing Nazi Germany, but they could be any persecuted people from middle Europe. One of them begins to read *Animal Farm* and, as he does so, the others strip off their overcoats and, in grubby underwear, flip into the roles of the animals.

They perform the story with great speed and physical punch. To transform themselves into animals they simply take on four legs by thrusting their arms into heavy boots, and their use of movement, choreographed by Frank McConnell, is cleverly done so that they have enough beast-like qualities about them with-

out resorting to snuffling and crawling.

Annie Fitzmaurice and Peter Peverley are touching as the hard working horses, Clover and Boxer, and Paul Hunter is amusing as the surly donkey, Benjamin. Best of all is David Whitaker as Napoleon, the Stalin pig figure, who is quite chilling. Teetering on his toes, he trots around the yard, snout in the air, impassive little face not unlike several dictators, but at key moments he cannot restrain himself from executing a little squealing gavotte of triumph.

Lyddiard uses the elements on the set to produce vivid images. The bathtub comes in for plenty of use, mostly notably during violent confrontation. When the pig Snowball is tortured and ousted by Napoleon and Squealer, the water is whipped with a huge rope, sending great arcs of drops over the stage and covering the audience. At other times animals plunge themselves into the bath and shake their heads, as if to try and clear their minds.

The production is limited by the restrictions imposed by this type: there is no room for subtlety, interpretation or character development. All you can do is find a style that is striking and effective, and the company has excelled in that department. The cast works well as an ensemble and gives Orwell's novel a murky stage life. *Animal Farm* enthusiasts might like to note that Guy Masterson is about to embark on his very different solo version of the work at the Arts Theatre.

S.H.

Young Vic, London SE1 to May 3 (0171 928 6363).

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There was an extra stop on the Vienna Philharmonic's itinerary this time round.

As well as its regular dates in Paris and London, the orchestra made a scheduled detour to Birmingham at the instigation of Simon Rattle, who was making his first appearance at the head of this renowned orchestra in the UK.

For Rattle, after all his years in Birmingham, it was both a sort of artistic homecoming and a thank-you. He says he wanted to show off Symphony Hall to the orchestra, as it is one of the few concert-halls that can claim to have acoustics to rival Vienna's Musikverein, but concert-goers in Birmingham will also have had a treat. I heard the same programme at the Royal Festival Hall on Wednesday, and the atmosphere was white-hot.

It was not always so in the

Concert/Richard Fairman
A scintillating partnership

Vienna Philharmonic's European series. The orchestra has visited with a procession of fêted conductors who often seem to have been lured by the siren playing of this remarkable orchestra into giving performances on autopilot. Those that have escaped have either thrown themselves into the luxurious Viennese sound wholeheartedly, as Barenboim on the last visit, or been single-minded in imposing their own ideas.

Rattle belongs to the second group. The Vienna musicians play Haydn from time to time, but not often with the sharp focus that

Rattle brought to his scintillating performance of the Symphony No. 70. A lot of the style came from his work with period instruments, so we had a small ensemble (only two basses), hard-edged timpani, snappy rhythms and extreme contrasts. But if the players felt he was trampling over years of tradition, they did not show it.

It must be a conductor's dream to work with a string section like this. Rattle evidently thinks so, because he put at the centre of the programme Strauss's *Metamorphosen* for 23 solo strings, beautifully played here by every one. This is

an old man's music, all about looking back, as Strauss lamented the devastation at the end of the war. Rattle's music-making, by contrast, lives in the here and now, though I thought the immediacy of the performance gripping in its own way.

It was only after the interval that the full orchestra appeared (yes, the Vienna Philharmonic did bring its first ever female player, harpist Anna Leikes). The work was Berlioz's *Symphonie Fantastique*, played with repeats not usually heard and an unbuttoned freedom we will be lucky to hear again. I

loved the feel of improvisation that Rattle brought to the opening. The sense of dream-like visions spinning out of control as the ballroom whirled around and the witches' sabbath raged - just a bit of a rush, this - to its wild conclusion.

The orchestra played like demons to achieve that and there were noteworthy solo contributions throughout (the delicate waltzing of the first trumpet at the ball, the grumpy proletarian bassoons lining the route to the scaffold). So much praise has been heaped upon Rattle in the UK that critics here risk being accused of partisanship. I thought the concert the most exciting I have heard from the Vienna Philharmonic in recent years and I hope that is not just patriotic speaking.

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North American pianists
Pianists with a soft touch

are not what they used to be, at least according to the popular image - steel-fingered and speedy, more sentimental than sensitive. That caricature is decisively out-of-date, as two recitals last weekend reminded us.

The American Richard Goode, whose recent Beethoven sonata-cycle made a tremendous impression here and elsewhere, played Bach, Chopin and Schubert in the Wigmore Hall. At the Queen Elizabeth Hall the French-Canadian virtuoso Marc-André Hamelin played a little Bach too, but chiefly Charles Ives and Max Reger: virtuosic stuff, cer-

tainly, but too *recherché* for most international performers.

The Ives was his vast and visionary Sonata no. 2, "Concord, Mass. 1840-1860", four movements celebrating local heroes. Emerson, Hawthorne, the Alcotts, Thoreau. Hamelin made light of its cranky difficulties, never drawing attention to the digital feats required: elevated breadth was what he aimed at, and achieved superbly. This ultra-lucid account missed a little of the sonata's sheer wildness, perhaps, but it had searching

rewards. I only wished he had brought in a Dute for the ending, as Ives hopefully requested: that can be magical.

Under Hamelin's hands a Busoni Bach transcription became transparent, free of the bombast that often makes Busoni's piano-versions unpalatable. And he did as much and more for Reger's op. 81, the Variations and Fugue on a theme of Bach, which here seemed a masterly work rather than a monster academic exercise. Just for fun, he played a Fauré Barcar-

olle as one of his encores: feather-light, wistful, exquisitely stylish.

Goode began his recital with Bach's richly decorative Partita no. 4. He made no attempt to imitate a harpsichord, but expounded it with robust clarity (and scarcely any pedal). A bracing performance, followed by pawky readings of five Chopin mazurkas and a luminous Polonaise-Fantaisie; then came the *pièce de résistance*, Schubert's last great sonata in B-flat. Here Goode was in his element. The performance was both affect-

ing and compelling, very free with tempi in the grand Molto moderato, introspectively songful in the Andante. There were some odd jumps forward - as in his Beethoven. Goode occasionally skipped half a beat, but they were momentary blips, not distractions. His gentle concentration (sometimes with a bit of involuntary singing) was seamless. He too offered a surprise encore: Chopin's glorious Barcarolle, delivered with mannered elegance, not one salient point missed. A touch more pianissimo wouldn't have come amiss, but glitter is not Goode's thing.

David Murray

ARTS

A change of tune for the musical

Intimate shows may be all the rage, but where is the rap, punk and soul? asks Antony Thornecroft

The big West End musical is looking a bit peaky. *Sunset Boulevard* has folded prematurely; *Martin Guerre* and *Jesus Christ Superstar* are less than smashes; and there are seats available for *Miss Saigon*, *Cats* and *Les Misérables*. Only *Phantom of the Opera* keeps the tourists in business.

In her tiny 160 seat Bridewell Theatre, a converted swimming pool hard by St Brides in the City, Carol Metcalfe plans the revival of the British musical. On May 15 she presents *Setting New Scores*, a four week season of three new musicals which, with the break-a-leg enthusiasm of the music-theatre fanatic, she believes have a starchy future ahead of them, not least in the West End.

The day of the £3m plus musical could well be over. "With such a huge investment people look for a certain type of show: it has to appear spectacular. The backers must feel very sure about it," says Metcalfe. "There must be the possibility of failure." And too many of the megamusicals have been falling in

recent years so the opportunity to stage a show for less than £20,000, which might then go on to make millions on Broadway, is very attractive to the tyro Lord Lloyd-Webber and Sir Cameron Mackintosh. It is this opportunity that Metcalfe, and the Bridewell, provide.

The success of Lloyd-Webber and Mackintosh in making London, rather than New York, the driving force behind the modern musical has attracted imitators. It has also created a vast pool of expertise in the West End of artists who feel confident about their musical skills. If economics and taste are pointing towards smaller scale, more intimate musicals, there are plenty of writers, composers and performers ready to seize their chances.

In three years the Bridewell has built up an enviable catalogue of hits, near hits - and misses. Its first production,

Sondheim's *Pacific Overtures*, so impressed the composer that he became patron of the theatre. He has also entrusted Metcalfe with the first-ever production of *Saturday Night*, a musical he wrote in the 1950s but never performed. *Damn Yankees* almost got a West End transfer and so galvanised Jerry Lewis, who was the rights, that he is bringing his own version to London very shortly.

A season of three over-looked Broadway musicals produced one and, *Promises, Promises*; one West End transfer, *Romance*; and one of the *Twentieth Century* which, with a cast of 13, proved just too expensive to move west, despite excellent reviews. In contrast *Romance*, *Romance* was a six hander, which persuaded a new producer, Pat Gilgallon, to take a chance on a West End run. It enjoyed only a brief spell at the

Gielgud, but *On the Twentieth Century* resurfaces again this summer - in New York.

There is one great problem about the "modern" musical: it is so obviously not modern, looking for its inspiration towards the Broadway of the 1940s, with memorable tunes and escapist plots. It seems almost impossible to create a successful musical rooted in the sounds of today - rap, soul, house, punk, what have you.

Of the three new musicals planned for the Bridewell in May, *Dearlly Beloved*, with music by Timothy Elgys and book by Robert Styles, is based on Evelyn Waugh's *The Loved One* and is a 1930s pastiche; *The Great Big Radio Show* by Philip Glassborow looks to the Big Band era for inspiration; while *Hogarth*, with music and lyrics

by David Malin and Nick Hogarth to a book by Mark Eden, updates 18th-century folk times.

The Bridewell helps with the marketing of the season but the creators of all three musicals have raised the money themselves for their showcase. Metcalfe is a great believer in the live performance. "The musical is the most difficult form of theatre to get right. If you get just one aspect wrong there is a nasty mess on the floor."

The cheap alternative to a showcase is a public reading of new work. Mercury Workshop, a gathering of 50 writers and composers working in music theatre, has tried this at the Bridewell but none of the projects took off. Only in performance are strengths - and weaknesses - apparent.

Metcalfe labours on at the Bridewell hoping that her devel-

oping City contacts - 40 per cent of the audience comes from the Square Mile - will finally bring financial security through sponsorship. At the moment most of her artists are paid little more than expenses: "it is embarrassing when the barman earns more than the star".

But at least she is no longer alone. The Mercury Workshop has attracted money and support from Stephen Sondheim and Cameron Mackintosh, and is more active than ever. It has also found an outlet at the Jersey Street Theatre off Piccadilly, which concentrates on producing cabaret and revue. Its director, Neil Marcus, has been asked to take a show worked up at Jermyn Street, *Four Legs in Bed*, to the first New York International Fringe Festival in August, and its recent presentation, *Late and Lyrical*, has provided young composers and writ-

ers with the opportunity to air their work to the growing audience for sophisticated cabaret and nostalgic music.

In addition, the casts of the West End musicals gather after their performances at Centre Stage, a club near Seven Dials, to show off old songs and new, set-pieces and improvisations. In their resting weeks they also provide the casts for the fledgling musicals.

With the Denmar in Covent Garden now scheduling two musicals a year, and the King's Head in Islington keen on musicals, there are plenty of opportunities for aspiring song-and-dance men and women. It would be optimistic to expect the musicals exposed at the Bridewell next month to have a long shelf life, but there is at least the chance that they might be revived in 30 years' time as formative works by the next generation's Lloyd-Webber and Rice, the next Rodgers and Hammerstein. But to really conquer the world, today's composers must find a way of adapting today's music to a much loved form of entertainment.

Laurens Alma Tadema was born in 1836 into genteel poverty, the son of a village lawyer in Friesland in the north of Holland. The anglicising Lawrence, and the strategic hyphen to bring his name to the front of any catalogue, came later, the fruits of success that, at its height around the turn of the century, commanded for his work sums equivalent to six or even seven figures today.

Yet by the time of his death in 1912, for Sir Lawrence, RA and all that, the tide had already turned. His memorial show at the Academy in 1913 was poorly attended, and by the 1950s, though still to be found in the dustier corners of provincial galleries and popular with the uninitiated, his work had become something of a professional joke and could be had for a song. Now we are back to those telephone-number prices in the salerooms, such has been the general revival of interest in the Victorians over the past 20 years or so. And scholarship and critical revision ever follow the market, if a little way behind.

Now at last it is Tadema's turn, painter of imagined Pompeian pleasures and the idle Roman life, of naked girls splashing in marble baths, the banquets, the Bacchic processions, the *jeunesse d'orée* dreaming and flirting on terraces high above the hey. But who would have thought to find the Van Gogh Museum at Amsterdam as prime mover? Is Tadema worth the fuss, or such kudos by association? The short answer, having seen the exhibition now at the Walker Art Gallery in Liverpool, its only British venue, is "yes".

The Van Gogh connection makes more sense than might be supposed - not in the work itself, but through a common background and experience in art. Both artists had close links with their contemporaries of the Hague School, which was so close in spirit to Barbizon and early Impressionism. Van Gogh through Anton Mauve, a cousin by marriage, Tadema through Hendrik Mesdag, a slightly older



More sensual than Courbet: the unfinished 'Exhausted Maenides', 1873-74, by Alma-Tadema offers a fascinating insight into the broad, bravura technique that underlies his work

Painter of Pompeian pleasures

It is high time to reassess the work of Alma-Tadema, writes William Packer

cousin who was briefly his pupil at the Brussels Academy in the 1850s.

And the first surprise, in work so amenable to reproduction and which puts a natural emphasis on imagery and narrative at the expense of scale and surface, is to find how free and expansive Tadema's handling so often is. The huge mass of petals, for it is a large painting, that smother the guests in "The Roses of Heliogabalus" (1888), is a wonder of effective description, rich in the paint itself

yet so freely energetic in the statement. From another hand, and free of the weight of narrative, from Monet perhaps, or Renoir, it would long ago have won the critical applause its actual painting warrants.

For technically he is a remarkable painter. The large, half-finished "Exhausted Maenides" (1874), in truth an excuse for painting three naked women stretched out asleep together, is as fine an example of working from the nude as could be wished, wonder-

fully modelled in the parts that are resolved, and offering besides a fascinating insight into the broad, bravura technique that underlies it. Even Courbet is not more sensual.

But Tadema's problem has always been that very virtuosity, which has brought upon his subsequent reputation all our puritanical distrust of conspicuous performance. He, a Dutch painter trained in Belgium, was steeped in the older Dutch and Flemish traditions of genre realism. Yet in him, in

the later 19th century, that same character of detail, that mastery of light and texture, that so delights us in a Dou or Metsu, de Hooch or Vermeer, is somehow deeply suspect.

The narrative gets in the way, of course, yet we are quite prepared to accept a similar narrative quality, with all the sexual innuendo that often hangs so heavily about it, all those oblique exchanges and meaningful gestures, in any "Concert party" by Terborch. Poor Tadema's ageing senators

and pretty young thing, "Between Love and Hope" (1876), have never been given such benefit of the doubt.

Perhaps it is the fancy dress that does it, perhaps the sentimental titles. But historical fantasy is to be found in western art from Giotto to Picasso, and Tadema's particular concern was only to dress it up as authentically as possible after the latest archaeological and photographic evidence. Is it not a reasonable function of the imagination to wonder

how the world once was? As to the titles, he was only the child of his age.

His bad luck has been to be too narrowly categorised simply as a Classical Revivalist, lumped in with artists more limited than he, such as Leighton and Poynter, purely by virtue of his subject-matter. But that contemporary context itself was never so tight, nor his own work so limited, and its wider consonance speaks clearly from it when seen in something of its full scope. For here too is the aesthete,

close to Whistler, Orchardson and Albert Moore, here the painterly realist, here the symbolist close to Ingres, Knopff, Klimt and Rops. For all the pleasure we still may take in those pretty, bathing, dreaming girls, we must take him more seriously, and more generously, from now on.

Sir Lawrence Alma-Tadema 1836-1912: The Walker Art Gallery, Liverpool, until June 8; sponsored by Air UK and Christie's.

Television/Christopher Dunkley

A mission to explain

a remarkably effective job in explaining how the low wage economies of China and India and the emergence of those countries into global markets are affecting fundamentally the prospects of both employed and unemployed in advanced industrialised countries.

It is the sort of subject which tends to be well covered in books, and explored with erudition in the pages of the FT, though in this newspaper you would usually expect just one aspect of such a large subject to be studied in detail. The popular press these days shows little enthusiasm for attempting to give a broad overview, so the job now tends to fall to television (though it can also be done outstandingly well on radio). What is so impressive about *Vote Now, Pay Later* is that it sets out to tell the entire story, relating it to Europe and the US as well as Britain.

There is, perhaps, too little detail at the start on the developments in China, Asia and the Pacific rim which have led to this growing crisis. But the reports from Jay

completely, and after that how fast they will move into the service industries as well.

Channel 4's Monday evening series *Mrs Cohen's Money* sounded from the billings as though it, too, might have a B-J style mission to explain, and perhaps it does. However, Bernice Cohen is to finance what Sister Wendy is to art: the person dedicated to providing not so much spoonfuls of honey to help the medicine go down, but great ladders of the stuff. There is nothing wrong with the stories that the series has tracked down, on the contrary: last week it was people who found that their insurance policies failed to cover precisely the risks they might think they were insured against, and this week it is people who find themselves at loggerheads with the Inland Revenue.

They provide very cautionary tales indeed, but there is the continual danger of being distracted by the loud-mouthed show-off, Mrs Cohen, who is perpetually encouraged to over-perform for the camera. Hardly surprising, given what else the producers feel they have to bring in to stop us all switching to *Top Gear* or *EastEnders*. This week it is a big body of riflemen, kitted out in 19th century scarlet uniforms, whose relevance never becomes clear. Nowhere in the Birt-Jay thesis is it suggested that the key to good television journalism is plenty of Equity extras.

There is one in every general election: soaring, spouting, giddily uncontrolled, orgasmically self-indulgent. Last time Neil Kinloch, this time John Humphrys, I refer of course to what the popular press calls Welsh windbags.

Humphrys has gone faintly locally in Radio 4's *Today*. "That was a joke," he muttered last week after some bizarrely inconsequential remark. He even put on a funny voice later in the programme. The momentous times in which we live have gone to his head. Too often the question he puts takes so much time that there is hardly any left for an answer.

I am tempted to shout "shut up" at the radio, as I occasionally find myself doing with Robert Robinson in *Brain of Britain*. Robinson's obiter dicta have become self-advertising ramblings barely connected to the quiz and its participants. The pity of it is that he is a man of wit and erudition. Perhaps the BBC should just give him his head, half an hour a time, and scrap any pretence to a coherent programme. Or he could be paired with John Humphrys: they could talk together, each totally ignoring the other.

It is all to do with putting up a front, of course. A new series entitled *The Front* deals with just that, or more precisely "people and pretence"; but should not therefore be confused with party

Radio/Martin Hoyle
Much ado about nothing

political broadcasts. Last night's opener about "pretence and childhood"? The great names concerned with observing the Sicilian paradox tumbled out: Aeschylus, Mario Puzo, D.H. Lawrence, Macbiavelli, Maupassant, Gavin Maxwell... and Patrick Bryden of Ayrshire, whose best-seller on Malta and Sicily in the 1970s may have led to the whole northern Romantic thing with Italy, from Goethe onwards. A salutary reminder of a fascinating place and people, too often overshadowed by popular culture's obsession with The Mob.

An unheralded one-off called *Between the Sheets* was a typical example of the serendipity once a Radio 4 speciality. Kati Whitaker looked at beds and their makers, from the Great Bed of Ware to beds with stereotypes and cocktail cabinets built in. A fine selection of voices made up the kaleidoscope: good radio - the equivalent of TV's much-shunned (by directors) talking heads, and none the worse for that. It all depends on what the heads are saying. *Costing the Earth* came as

a shock. The British are so used to being virtuous in some environmental respects - not blazing away at songbirds like the French and Italians, for instance - that we forget how we can look like the dirty man of Europe. In an election special the politicians contradicted one another as usual. I found myself unaccountably sympathising with John Gummer. He gave signs of having the right ideas, not backed up by an indifferent government. The Greens have made the simplest and best political broadcasts, with their once-upon-a-time approach to the wonderful, abundant planet Earth which has nearly blown it. And I liked the sober tones of the Natural Law Party, down to earth even when promising tantric yoga for everybody.

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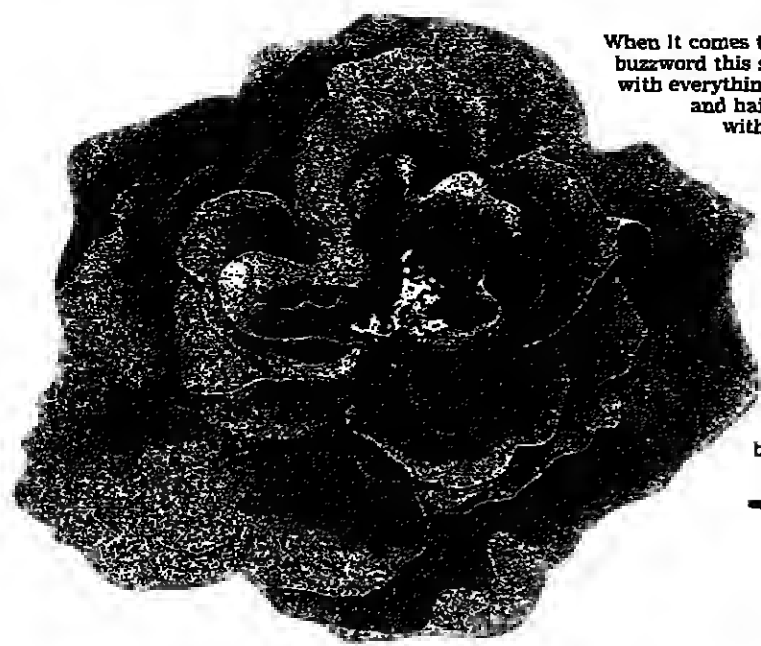
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ART GALLERIES

*Susan Shaw, Watercolours, from 27th April, 1997, for two weeks, Century Galleries, The High Street, Harley Winton, Hants, Tel: (01252) 942 747

FASHION

Blooms – rare and otherwise – are all the rage this spring, says Marina Newland



When it comes to fashion, "flower power" is the buzzword this spring. Mother Nature is the inspiration with everything from bags to belts, sandals to jewellery and hair ties to dresses given a sweet prettiness with floral embellishments of every kind.

The trend was first seen last year on the catwalk when designers such as Anna Molinari for Blumarine, Clements Ribeiro and Dolce & Gabbana used blooms of every description to signal the new soft mood blowing through the fashion world. The high street has followed suit, with virtually every name stocking little floral numbers and every accessory chain setting flower-embossed creations.

House and home have continued the trend with floral sheets at Ralph Lauren, flower-encrusted plates by Christian Lacroix and bloom

embellished toothbrushes at The Conran Shop.

On the high street, floral accessories are not hard to find. The easiest and quickest way to update any outfit is with flowers in the hair. Johnny Loves Rosie is a name to look for. Started five years ago by American entrepreneur Maryrose Monroe, it specialises in floral hair accessories of every kind. The range boasts clips, hair sticks, bobby pins and elastics concealed by flowers of every colour, shape and size from single-stem elastics to hold a ponytail to vibrant posy clips. Alternatively, try any shop which sells silk flowers – the wired stems make them ideal for weaving into hair.

On the shoes front, seek out Manolo Blahnik's beautifully crafted high-heeled sandals in linen with two rows of peonies across the front, Gina's floral print wedge shoes, or Prada's mules. Sam de Teran offers leather sandals which boast a single white daisy at the toe piece, ideal for uptowning through their natural counterparts, while flip-flops at Fenwick's brandish a floral centerpiece, perfect for strolling by the pool or drifting through the sand.

Swimwear too is ablaze with floral colour. Dip into the bathing suits of Spain's Manuel Canovas, whose range incorporates sarongs, shirts, little dresses and leggings for the co-ordinated look. Or try old favourite Kenzo, whose startling colour combinations never fail to catch the eye. Both Canovas and Kenzo are available at Harvey Nichols and Fenwick's.

Perhaps you have trouble moving from sombre blacks and navies to a flowery frock. You could start by investing instead in flowery underwear and bloom from the inside out. Marks & Spencer has a popular blue floral set, while Triumph and Knickerbox are awash with every conceivable flowery pattern. Further floral investments can be found in Boisvert at 16B Grafton Street, whose French buyer has invested in a large stock of exquisite flower-inspired lingerie.

Finally, remember that florals may be the last word in fashion this summer, but contrary to the usual fickle *diktats*, these florals are perennial and come next summer are likely to bloom as prettily as ever.

Flower power

Top, Blue peony hair clip, £15.95, from Johnny Loves Rosie. Far right, Kenzo's orange and pansy swimming trunks, £45, from Fenwick of Bond Street, 63 New Bond Street, London W1 (0171-629 9161). Turquoise floral baby jacket with heart shaped buttons, £44, from Oilly, 9 Sloane Street, London SW1 (0171-823 2505).



Far left, Hand painted silk tulip bag, £557, by Carolina Herrera from Harrods, Knightsbridge, London SW7 (0171-730 1234). Tulip satin devoré bag, £189, by Camilla Riddle (0171-221 7329). Enamel hair clip £29, from Space NK, 45 Earham Street London WC2 (0171-379 7030). Daisy chain enamel jewellery, from £78 for a pair of earrings, from Butler & Wilson, 20 South Molton Street, London W1 (0171-409 2955). Selection of hair accessories, from £7.95, by mail order from Johnny Loves Rosie (0171 435 0089). Delicate pink linen sandal, £300 for a pair, from Manolo Blahnik, 49-51 Old Church Street, London SW3 (0171-352 8622). Eau de Toilette, £11.95 for 30ml, from Oilly.

Photographs by Colin Beere

Beauty

Everything English is coming up roses

Susan Irvine reckons Jane Austen's heroines set this season's tone

Seasonal make-up trends from the catwalks are often difficult to wear in real life – you need only cast your mind back to last year's dolly mixture nails and barbs, 1970s eye make-up.

This spring's offerings however, come down from the catwalk like manna from heaven, especially for the delicately-tinted.

If there was ever a year for the British woman to get fashionable about her make-up it is this one, for the new look, basically, is English Rose. Think of the Jane Austen heroines who graced the big screen last year, all dewy complexions, rosebud mouths and glowing cheeks. They are the inspiration for this season's prettiness.

Pink is back in a big way: pale pink lips, rosy cheeks. Eyes are either nude, with the lashes well-curved and slicked with clear gel mascara, or else, in the stronger version of the new romance, smoky with a wash of dark blue or black shadow mixed with a little of the season's number one must-have product – Vaseline.

As with summer clothes, the key to the new look is transparency. The focus in make-up is not lips or eyes, as usual, but glowing, dewy skin and healthy pink cheeks. A tiny dot of pink blusher blended well into the apple of the cheeks is the effect to go for.

The ideal for the skin is what the French call *un peau d'ange* – angel skin. Achieve this by priming your natural complexion with loads of moisturiser, working just a foundation or concealer into flaws such as

dark under-eye circles or red nostrils and then highlighting with this season's cult product, Lancôme's Maquillage.

All-over foundation set with powder is out. If there is one product to throw out this spring, it is powder. For once, you want your skin to glow, even to shine.

At its simplest and freshest, this new romantic softness is near-natural. All you need are moisturiser: Maqui-

look is with nothing more than gloss on the lip or use a nude lip colour underneath.

Some make-up artists use BeneFit's Lip Plump, which is skin-toned, under a crystalline gloss. Nails can be left natural or with a pale pearlescent tint.

Key products

Moisturiser of the moment is Kiehl's Ultra Facial Moisturiser, £14.50. For more of a sheen, top

make-up artist Pat McGrath, who has spearheaded the new romantic look, uses Aveda's Miraculous Replenisher.

For instantly radiant skin and eyes, nothing beats two Clarins products, Beauty Flash, £18.60 and Skin-Smoothing Eye Mask, £19.

Vaseline, from £1.99 – to give a sheen across the eyelid, either mixed with a little foundation or blended into a smoky-toned shadow. It is also the world's cheapest lip

gloss and make-up artists sometimes use a little on bare collarbones as well.

Maquillage by Lancôme, £15. It has tiny gold flecks in it which give skin an instant, indefinable radiance that looks natural. Mix a little into your foundation

or moisturiser for an all-over glow, or use it as a highlighter across top of cheekbones under eye, and on browbone, on collarbones.

Softwear by Helena Rubinstein, £19. If you need a little cover, use this as concealer. It is the first foundation to contain a microfibre – a key element in many of summer's nude, stretchy dresses. It will slip over skin like a Prada shift, allowing skin to breathe.

Pinch Your Cheeks by

Origins (Harrods), £9. A transparent gel – use sparingly – that gives the most natural blush.

Plastic eyelash curlers by Creation Life, £3.50. Unlike the metal ones, these plastic curlers are not torture. When you are wearing little eye make-up it's even more important to "open" the eyes by curling lashes. From

Screen Face, 24, Powis Terrace, London W11 1JH (mail order: 0171 221 8289).

Brow and Lash Gel by The Body Shop, £3.35. More natural than coloured fibre mascara, and doubles as a good eyebrow groomer.

Effets de Perle, by Dior, £28. An eye palette with several shades and shimmers of white to use on eyes or as highlighter.

Blue Variations, by Shiseido, £18.50. For the smoky eye. Looks almost black on the palette, goes on navy-blue. Pat McGrath mixed it with a smear of Vaseline for a colourwash of dark, smoky navy across lids and round eyes at the Prada show.

Rosy lips: there are several great choices this spring. Clear gloss: Crystal Clear Lip Gloss, £10 by Elizabeth Arden. Slightly pink-tinted, a really pretty effect – RoseMist Lip Gloss, £12 by Aveda. A palette of subtly-

tinged, iridescent glosses: Lèvres Lumière Neo, £27, by Chanel – summer's must-have. A natural rosy stain: Liquid Benefit by BeneFit, £20 – it also smells of roses courtesy of rose essential oil. Stockists: Aveda (ring 0171 410 1667/8 for stockists and mail order).

BeneFit (from Space NK – 0171 256 2303 – or Harrods, plus mail order), Kiehl's (Harrods, Liberty and Space NK)



David Downton

How to Spend It

Not cane nor wicker, it's Lloyd Loom!

The furniture made of paper is once again in demand, reports Lucia van der Post

Almost everybody thinks they know what Lloyd Loom furniture is – it is made of cane that is inextricably linked with images of the Raj, that lurked in the form of a laundry basket in many a post-war bathroom, and even in its most battered form somehow conveys an easy, unforced vicarage charm.

It is the Lloyd Loom chair that used to be the staple of grand ocean liners, that still furnishes the Royal Box at Wimbledon and seems the only proper chair to grace a conservatory. The odd thing is that although it is almost universally perceived as being made of some form of rattan, wicker or cane, it is, in fact, made of paper, twisted according to a patent invented by an American called Marshall Burns Lloyd in 1917.

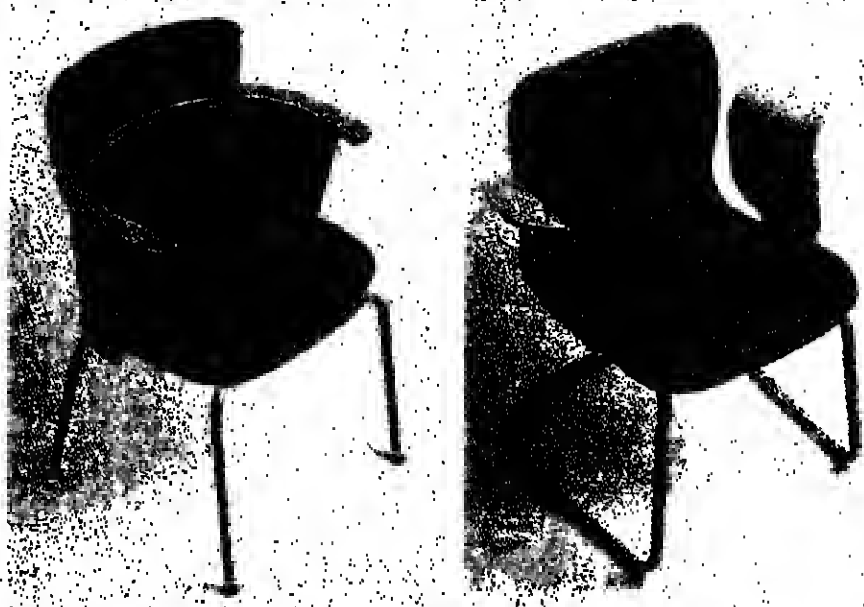
Paper alone, needless to say, is not enough. It had to be first dampened and then twisted on to steel wire. This combination of the wet of the plain paper fibres and the warp of the steel-wired backed paper gives the pieces their rattan-like look and their strength. Authentic Lloyd Loom pieces are renowned for their strength and durability, and to be authentic the frames should be made of best quality beech.

At the height of their popularity – during the 1930s and 1930s – some 10m Lloyd Loom pieces were sold on both sides of the Atlantic. When a British company, Lusty's of Bromley-by-Bow, bought the patent it was almost immediate success and was soon promoted as "Neither Cane Nor Wicker – Superior to Either". At the peak of its business Lusty's was making about 4,000 pieces a week.

In the 1960s and 1970s – when interest in modern design was riding high – Lloyd Loom went out of fashion, demand began to fall and Lusty's sadly went out of business. Cheap imports (using cheap wooden frames and sometimes cane or rattan to imitate the process) undermined the image. But in 1987 an entrepreneur called David Breeze, who had first fallen in love with the furniture when he sold it on the antique market, decided to try to breathe new life into



Row of Lloyd Loom upright chairs, ranging from £195 to £282



Left, Zephyr chair with black or tan leather and set leg base, £242. Right, Yoyo chair with arms and cantilever base, £290



Canterbury Deluxe Armchair, £352 and round deluxe coffee table, £226. All by Lloyd Loom of Spalding

the Lloyd Loom business. He discovered that the patent had run out and he couldn't find anybody who would show him the Lloyd Loom method – so he was forced to take the slow route. It took him four hours to take a chair apart and discover how it was made. Then he had to track down looms on which he could weave the paper and wire – eventually he found three in Ireland which he bought for £750. Then came the problem of learning the manufacturing process.

For this, Breeze persuaded a professor in the Textile Department at Huddersfield University to teach him the process. After much trial and error a prototype chair was produced in a

garden shed in 1987.

From that small beginning Lloyd Loom of Spalding (see Breeze calls his venture) now makes 800 pieces a week and he has won a Queen's Award for Exports. The range of designs is large and traditionalists will be happy to know that many of the old familiar designs are still there. But for modernists, who believe old techniques should always be harnessed to new ideas,

Breeze has a number of up-to-the-minute new pieces.

Designer Geoff Hollington was brought in to freshen up the range and today there are some quite startlingly innovative pieces – a series of office swivel chairs in different finishes, an updated version of the laundry basket, some durable floor-coverings and lots of small accessories (such as lampshades and bread baskets) are in the pipeline. The furniture comes in a range of colours – from white and cream to sugar pink, egg-yolk yellow, pale blue as well as lovely old-fashioned conservatory green.

It would be nice to be able to say that prices were lower than you would pay for an antique version should you be lucky enough to track one down – alas, the realities of modern cost structures (and this furniture is still largely handmade) mean that it

costs quite a lot more. The new office chairs range from £232 (for the Yoyo chair with metal stackable four-leg base in black or tan leather) to £595 for the Zephyr chair with a swivel base, and black or tan leather back and seat cushions.

The new linen basket is £210. The floor coverings are around £59 a metre and in the more traditional range chairs cost around £230 each, small tables

about £375 and a small two-seater sofa costs £385.

There is a new showroom at Wardentree Lane, Finchbeck, Spalding, Lincolnshire, PE11 3SY, UK (tel: 01775 712111, fax: 01775 761255) where the full range can be seen and bought. A free brochure as well as samples of fabrics and colours are available from the above address. Elsewhere the furniture can be seen and bought at Olney Court Furniture, Olneys

Court, High Street South, Olney, Buckinghamshire; Jones & Rayner, 24-26 Boddo Road, Chelmsford, Essex; H.West Furnishers, 112-114 London Road, Southend-on-Sea, Essex; Lancaster House Furnishers, 52 Wood Street, St. Anne's, Blackpool, Lancashire; Spectrum Interiors, Market Street, St. Peter Port, Guernsey; Channel Islands; and Byfords, 90-92 Witham, Essex.

Another jewellery number at Chanel

Lucia van der Post finds Coco's spirit is all-pervading in a new Bond Street bijouterie

Coco Chanel must have been one of the great life-enhancers of her day. Not for her the safe or the predictable. Just when she had persuaded the Paris *beau monde* that *faux* jewels were so much more interesting and chic than real – "anybody but anybody can wear real" – she seemed to be her message. "but it takes real style to show off the fake" – what did she do?

She staged an exhibition of real jewellery that consisted of nothing but gloriously real diamonds.

She had a *bon mot* for every gesture. "I chose the diamond," she said, "because it represents the highest value in the smallest volume."

Not long before she had been denigrating those who had indulged in the real – "they might as well tie a cheque around their neck". Consistency, clearly, was boring. Being adventurous was not.

In tune with the spirit of its founder, the house of Chanel, which has a long tradition of selling costume jewellery, has just opened a sumptuous boutique in New Bond Street which will be devoted entirely to what the French like to call *haute joaillerie* and what you and I would call serious jewellery.

Here those with aspirations to owning the real thing, and with a wallet to match, can indulge in the whole Coco Chanel experience.

The interior of the boutique has been designed to echo the sumptuousness of Mlle Chanel's private apartment in the Rue Cambon – there are lacquered Chinese Coromandel screens, crystal chandeliers, luxurious beige suede sofas and sandy beige carpets.

The jewels themselves are also unmistakably in the spirit of the house of Chanel. About half the pieces are precise re-editions of the jewellery Coco designed for the 1932 exhibition of diamonds – for instance, the comet necklace (with

more than 600 diamonds in it, none of them precisely the same as in any other necklace), the price is somewhere in the £250,000 and over region), the "Starburst Brooch" and the "Star Ring".

Others take favourite Chanel themes (such as pearls and quilting or vibrant precious and semi-precious stones) and rework them to make modern pieces that are nonetheless recognisably in the Chanel mood.

While some of the pieces are clearly serious jewels for the seriously rich, others will be affordable to those who have had a small windfall, a well-earned bonus or just got lucky with

the building society they chose.

The star diamond earrings, for instance, are £1,600 a pair, the camellia (as any Chanel fan will know these are one of the emblems of the house) earrings are £2,500. "Coco" rings (based on one of Coco's own rings

and using gold and precious and semi-precious stones) start at £2,700 and go up to about £3,200, depending upon the stones used.

A chunky gold ring from the "Ribbon" collection is £720, one from the "Wave" collection starts at £700

while the camellia ring is £1,240. Pearls, (of which Coco was inordinately fond) feature quite heavily and a ring using pearls and the famous quilting is £2,700. The boutique is open now at 178 New Bond Street, London W1.

Petronella Wyatt runs off with Imran Khan.

"THE WOMAN CALLED OUT, 'ELEANOR, IT'S THAT JEMIMY.' ELEANOR PULLED AT MY JACKET. 'DON'T YOU LOOK SMART. BUT WHERE'S YOUR OLD MAN?'"

Petronella Wyatt goes in search of the Goldsmith campaign against David Mellor in Putney and gets mistaken for Jemima Khan. Plus other local election lunacy. Only in The Spectator, out today.

THE SPECTATOR

An ice-pack for the brow of a fevered electorate.



Amethyst, peridot and citrine American Rings, from £5,040



Geode necklace in white gold, diamonds, sapphires, £350,000



Camellia rings, onyx and white agate, 18-carat gold, from £1,240

The Financial Times plans to publish a Survey on

India

on Tuesday, June 17

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FT Surveys

TRAVEL

Boggle at boobies, swim with sea lions

Winston Fletcher has some tips for touring the Galapagos Islands

The Galapagos rise out of the Pacific Ocean about 600 miles beyond the far side of South America. That is more than 16 flying hours away - if you live in northern Europe.

To be worthwhile, the excursion will take about 10 days and cost more than \$2,000 (on a package tour), or much more (if you want to fly in comfort). But if you happen to be in Latin America on business and find yourself with some time off - perhaps including a weekend - you may well be able to take in the islands in four or five days, for a few hundred dollars: a delectable snack of a holiday on which Americans are increasingly feasting.

While I was there, I met a senior computer programmer and a space researcher, both on tour of duty in South America, who had grabbed quick furloughs in the Galapagos instead of returning home.

For Britons in the vicinity, unwilling to endure the miseries of the tedious trip back to blighty when they have only a brief break available, the delights of Darwin's inspirational archipelago make a treat.

The secret is to cruise the islands on one of the 80 or so small motor yachts that continuously tour between them.

Almost all these craft offer three and four-night trips. They vary in size and grandeur, the smallest taking six

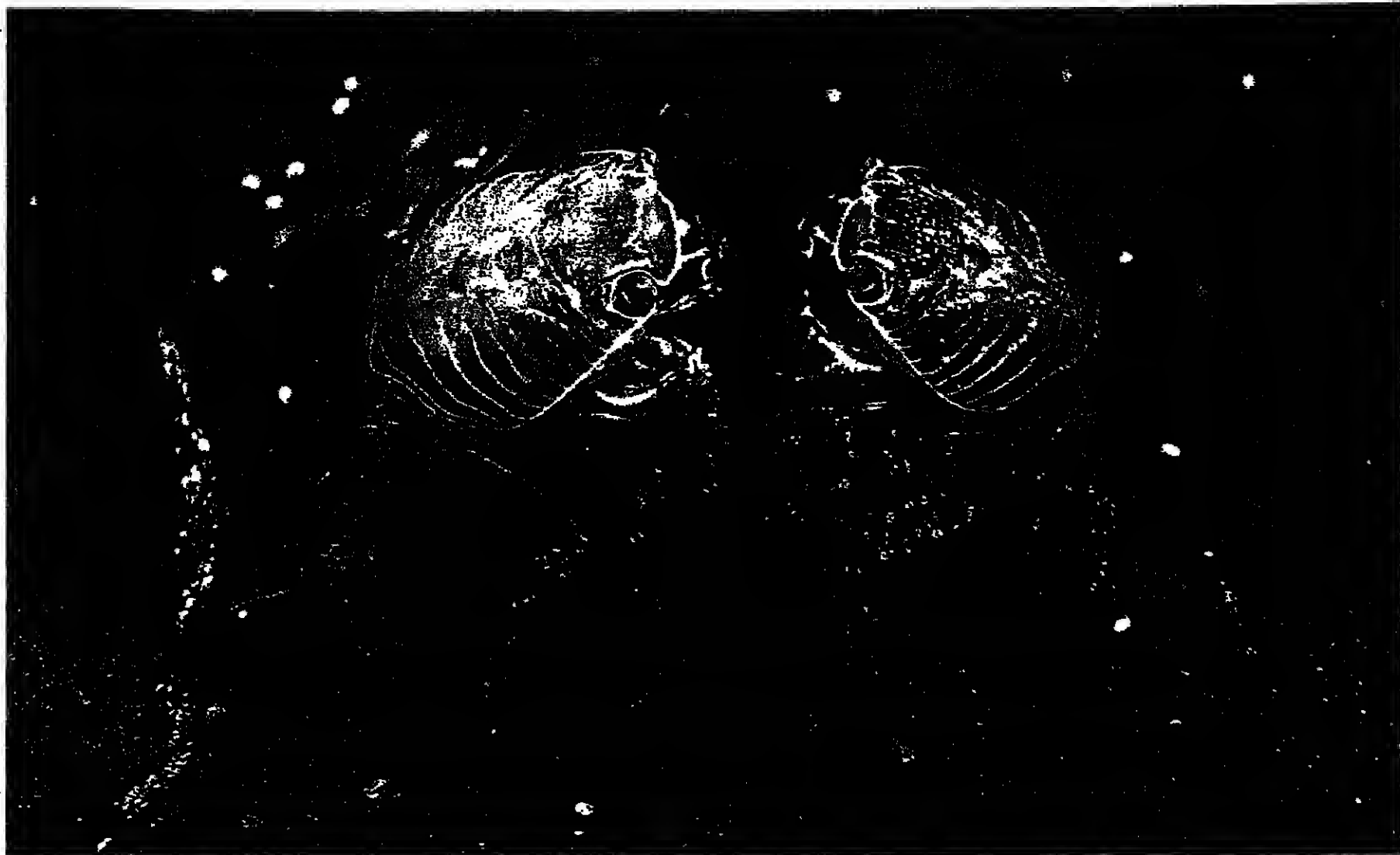


Excuse me, do you dance? Sassy Lightfoot crabs on the Galapagos

passengers, the largest no more than 20, but they are adequately luxurious, principally designed for American tourists rather than backpackers. Most cost about \$100 (\$51.70) per day, including food. (There are bigger ships which do short tours, but their schedules are necessarily less flexible.)

In order to ply their trade the boats have to be licensed by the Galapagos National Park authorities, which also rule that no-one can land on the 45 environmentally protected parts of the islands - the parts you will want to visit - without being accompanied by an authorised guide. So you could not go wandering off on your own, even if you wanted to.

It is a wee bit regimented, but that is the price of effective environmental preserva-



Excuse me, do you dance? Sassy Lightfoot crabs on the Galapagos

tion. Unlike the other mammals on the islands, human beings cannot be trusted to behave properly when let off the leash. The upside is that whichever vessel you sail on, you will find a multilingual guide, most (if not all) of whom really know their plants and animals. Some have been guiding tourists for a couple of decades, others are much younger, but I did not hear a single visitor grumble that their allotted guide was either incompetent or unhelpful: much the reverse.

Contrary to rumour, after having allowed the islands to be desecrated for centuries, the authorities are now doing an admirable environmental and ecological job. People have warned that you need to hurry, as it will all soon be destroyed by the

lava-flow of tourism. I do not think that is true. The islands are now well protected. The total number of annual tourists is strictly controlled, the numbers that can land at any one time are similarly regulated, you will see little or no litter, the beaches are spotless, the paths carefully marked and the animals safeguarded. The only reason to rush is that it is so enchanting when you get there.

The Galapagos are part of Ecuador, and for business trippers the only way in is via an internal flight, from Quito to Guayaquil. (Getting there by sea is much slower, and there are no direct flights from anywhere else.) Having to enter and leave via Ecuador naturally attenuates the journey - unless you happen to be there

already - but the cruise companies make things as easy as possible by timing the arrivals and departures of their boats to coincide with local aircraft schedules. Flights are pretty basic - forget the champagne and the gourmet menus - but they only take about an hour.

Unless you are an indefatigable naturalist and ornithologist, three or four days are sufficient to see most of what the islands have to offer. And even if, like me, you are neither a naturalist nor an ornithologist, what the islands have to offer is bewitching.

You will be able to swim with chummy sea lions, to tip-toe between sleepy iguanas, to socialise with penguins, tortoises and turtles, spy whales spouting and dol-

phins jumping, watch pelicans, wingless cormorants, frigate birds and colourfully-footed boobies go diving for their lunch, and learn enough about the sex lives of animals to keep an entire News of the World editorial team busy for months.

It had never occurred to me that so many of evolution's creatures enjoy mating in such colourful and creative ways. By comparison, Homo sapiens' bedroom antics, even at their wildest and weirdest, are humdrum.

You will never get closer to stranger creatures - so remember your camera, but do not lug loads of clothes. The animals do not care, and nor will the other holiday-makers.

And do not expect to spend much time lazing about. Communing with

nature is hard work. The boats sail to each new destination overnight and your guide will usually have you up with the dawn, because that is when it is coolest. (The islands straddle the Equator, but do not get unbearably hot.) You will frequently trek for several hours, morning and afternoon. But if you are sand-

wiching your trip in between endless stressed-out management meetings the change will be better than a rest. Exactly what you see will depend on exactly when and where you go. On a three- or four-day tour you will only be able to take in either the southern islands or the northern islands. Given the choice, I would go for the south where the terrain is more varied and attractive. Indeed the scenery, which

is rarely favourably mentioned because a lot of it is volcanic and rather bleak, is altogether more appealing than most travel writers imply. Perhaps it was just a case of low expectations being over-fulfilled - but even if so, the end result was a surprise.

Visiting nature reserves is a bit like visiting gardens. They are always either at their best before, or will be perfect if you come back in a fortnight. However the diversity of Galapagos wildlife is so great that there is bound to be some action, whenever you go. Equally, unless you go again and again, you are bound to miss lots. We missed the flamingos and albatrosses, saw only one tortoise and a handful of hawks. But we shall return.

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TRAVEL

Spain's answer to Jurassic Park

Brainless boneheads have not always flocked to Benidorm. Around 250m years ago, they plumped for Rioja, west of Barcelona, instead. Now, they even have a special waymarked walking and driving trail named after them, the newly opened *La Ruta de los Dinosaurios*. It is Europe's version of Jurassic Park.

Rioja wine is one Spain's best-known products but, as a region, La Rioja is largely ignored. Even in summer the tiny airport of Zaragoza is deserted. The region offers much. From walks along the *Cincoas* and *Ebro* rivers, valley walks along the *Oja* and *Alhama*, which are also good trout fishing rivers, to the high mountain walks of *La Demanda*. Accommodation is excellent with plenty of inexpensive rural houses offering bed and breakfast as well as inns, *paradores* and hotels. Perhaps the best base is Arnedillo and the Hotel Balneario with its thermal spa.

Here you can be lovingly degraded, detoxified and revived in a mud bath and emerge from its springs tauter than taut, your silhouette spectacularly - if only temporarily - refined to face another day on the mountain

tops following in the footsteps of dinosaurs and taking a siesta in a dinosaur's bed.

La Rioja, centred on Logroño between Bilbao and Zaragoza, has one of Europe's best collection of ichnites, or fossilised dinosaur footprints. The best "beds" are at Los Cayos near Comago and above the village of Munilla. The *huellas*, or footprints, stretch 20 yards and belong to a birdlike dinosaur. The bigger dinosaurs - stegosaurus, triceratops, tyrannosaurus and brontosaurus - inhabited Colorado, Wyoming, Utah and Canada. Spain's other dinosaur sites are at Asturias, Cantabria, Castellón, Soria and Burgos.

At first the shepherds who discovered the tracks thought they were left by the horse of the Apostle Saint James or a gigantic lion. Some believed they were proof of a visit from outer space. Some still believe they are caused by too much red wine during the day.

Only in 1974 did experts from Madrid University's paleontology department identify them as dinosaur tracks. Tridactylate or three-toed prints are the most common and correspond to bipedal herbivorous ornithomids and carnivorous saurpods.

Iberdrola, Spain's largest national electricity company after the state-controlled Endesa, has been responsible for sponsoring excavation and maintenance work on this part of Spain's heritage and for building the dinosaur route. The prints at Los Cayos are 1ft long and 18in across and are thought to be an accurate indication of the shoe size of a megalosaurus. La Rioja used to be a primordial swamp delta. The dinosaur made a deep impression.

The unique "Dinosaur Trail" takes you on a two-day circular route around the villages, countryside and dinosaur beds of La Rioja Baja Gravalos, Igea, Navasas, Poyales, Enciso, San Vicente and Herce. It will also lead you to Arnedo with its Moorish hermit caves. It is some of the most exhausting bed-hopping imaginable.

The Rioja long-distance path covers the high mountain range in eight sections and is only for the fittest. Leaving from Ezoray, the path goes to Comago crossing the principal valleys. You pass the San Millán monastery and walk down into the beech woods of Nájera. Yuso monastery is



an detour too.

The route begins at Fuenmayor ends via San Saseo at H At the end of June the town, a "War of Wines" in which everyone bombards each other with wine and gets drenched in six different grape varieties: the local *uvas*, *claret*, *blancos*. It is a detergent salesman's nightmare. Local cooking is divided into riverside and mountain. A local speciality is lamb roe, or *vinos*. Rioja is also good for sugar levels with *com* (apples cooked in milk) *Sot arzipan*, Arnedo's *Jardelinos*, and stuffed pastries available everywhere.

Other roundups "The Way to Santiago" "Way to Compostela" which was the 11th century pilgrim route and takes you past countylines, Gothic portals, mesh castles and fortresses and asteries. Rioja

has enough Aragon brickwork to keep the culturally minded content and enough sun to please poolside posers.

The children will enjoy what is an outdoor natural history theme park. Giant fibreglass dinosaurs roam the hillsides along the route and, if you can get up their tails and on to the head, the views are marvellous. Sadly, for many, the charms of visiting the Spanish coast may have died long ago, but the Spanish *sessida* as a holiday destination is not yet extinct. The sea is still worth going to even it has now moved halfway up a mountain.

For further information about Rioja's Dinosaur Route, contact Spanish National Tourist Office, SW1A 1LD. Tel: 0171-499 0901. Iberia flies from London to Zaragoza direct (0171-413 1209).

Kevin Pilley

Potent power of pink purchasing

The pink pound - or pink dollar, or pink peseta - has such potent purchasing power that businesses the world over are vying for a share of the gay and lesbian travel markets.

Stephen Cootie, organiser of last weekend's Freedom Fair 1997, a travel and leisure expo in London that catered specifically to gays and lesbians, says the total UK gay and lesbian consumer market is "estimated to be worth a minimum of £8bn, and attracts huge interest from big travel and tour companies".

Figures quoted by Cootie indicate that 79 per cent of the UK's gay community take two or more overseas holidays per year. Where to go? No doubt the gay grapevine is constantly a-tremble with hints and tips. But you can pick up plenty of vines from the relevant brochures and leaflets, just as you can from those dealing with straight travel.

For example, most gay-friendly hotels also welcome straights. But some places are only for gays. If you booked into the Villas Blancas, near Maspalomas, Gran Canaria, for example, you might want to be confident that your paws and abs were worth having. Its leaflet, which says its hospitality is

exclusively for gay men, shows bare-bottomed beefcakes at poolside who might splash water in your face. If they felt like it.

The American gay cruise charterer RSVF says it "always charters [an] entire ship so that we can create a cruise vacation tailor-made for gays and lesbians". It has a June 21-28 cruise starting at Tilbury, near Havre, and a June 29-July 5 sailing starting in Le Havre and finishing in Dover.

According to London travel company, In Touch Holidays, Europe's longest-established gay-destination resorts are "going just as strongly as ever", so its brochure covers Gran Canaria, Mykonos, Ibiza, Skigues, Palma, the Algarve and Turkey, as well as Florida and Prague.

A similar brochure is on offer from London company Sensations, which claims to be the UK's No.1 gay holiday company. If you want "total discretion", Sensations says it will produce gay-holiday documentation on paperwork headed Pineapple Holidays, a mainstream travel operator of which Sensations is a division.

Michael Thompson-Noel

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TRAVEL / MOTORING

Berlin: ready to take its rightful place

John Westbrooke wonders where all the people have gone in the heart of this historic city

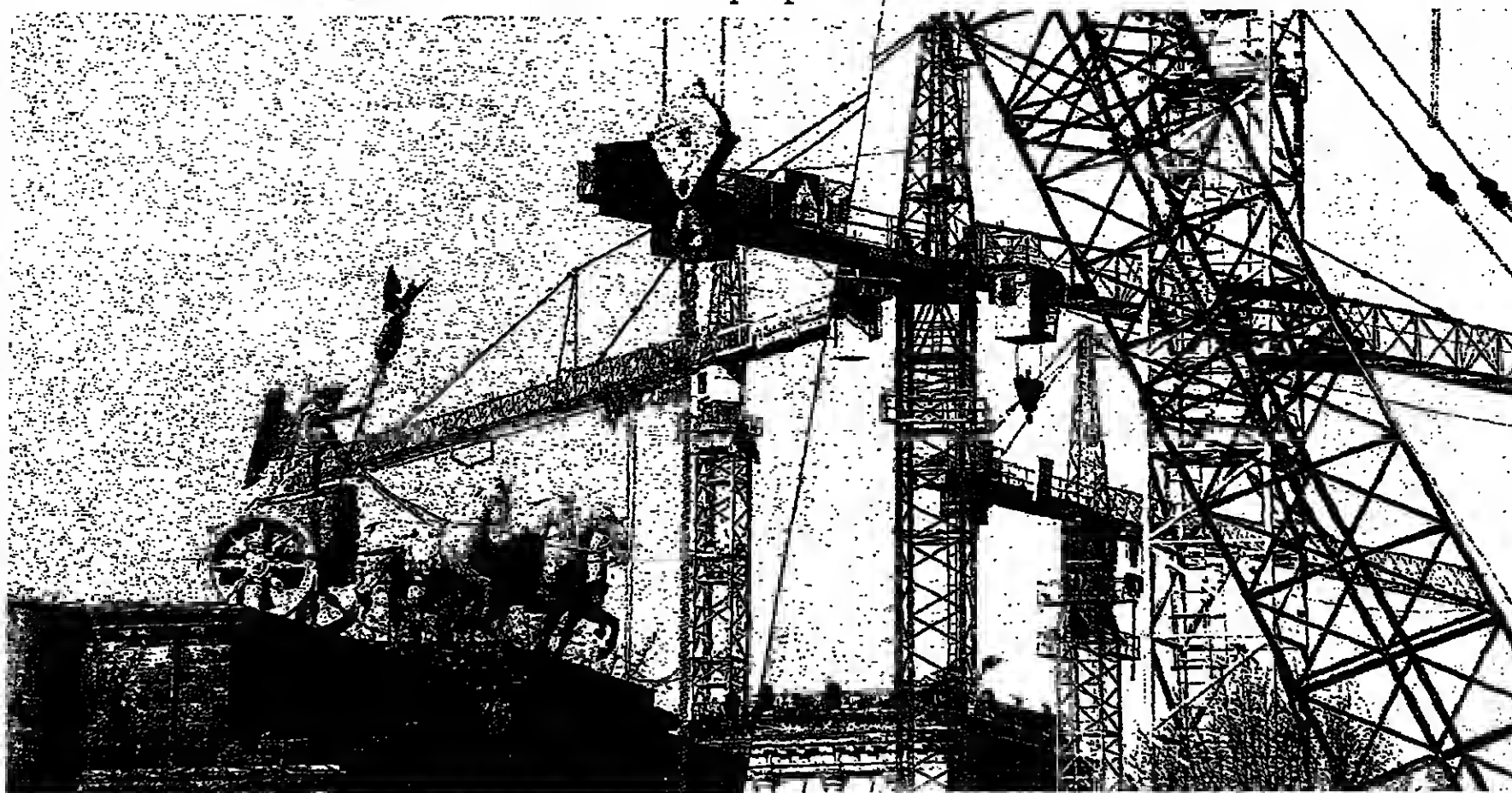
Berlin is ready to become a *Grossstadt* - a great city - of Europe once again. But when you come up from the uncompromisingly named *Stadtmittel* - centre of the town - underground station, you look around and think: Where is everyone?

You are on Gendarmenmarkt, an elegant little square with matching churches at each end and a concert hall on one side. A couple of blocks away is Unter den Linden, the grand imperial avenue of eastern Berlin and supposedly the heart of the new, unified city. But it is as empty of people as in the drab days of the Berlin Wall, when Gendarmenmarkt itself was a fenced-off ruin.

There are attractions all around. Galeries Lafayette has opened its first department store outside France. There is a Planet Hollywood (star exhibits: Fred Flintstone's number plate and a foot-long raisin from *Home, I Shrunk the Kids*). The wonderful collections of Museum Island, pillaged from Pergamon and Babylon, are within five minutes' walk.

My host, the Four Seasons hotel, is newly opened on a former car park next to the square, unprepossessing outside but lavish and welcoming within. It is full, and so in due course will be the other five-star hotels planned for the neighbourhood, but the streets around are still deserted. Why?

This is indeed the historic



Crane lifting the 'quadriga' statue on top of the Brandenburg gate

heart of Berlin: when Stalin carved off the Soviet sector, he took the best bits. But it was not a residential area, and although property prices have fallen from the heights of a few years ago it is still too expensive to attract a

community of ordinary Berliners. The big hope is that when the government moves back from Bonn in 1999, it will bring high rollers with it, civil servants and diplomats with other people's money to spend. Until then,

it seems doomed to lack streetlife that goes really great cities.

In preparation, many of east Berlin has been a building site. Around the Brandenburg Gate at the end of Unter den Linden, rise

buildings are rising to echo their pre-Wall predecessors; the Hotel Adlon is being re-invented on its old site, and the British embassy will be next door.

At Checkpoint Charlie - where western visitors once

queued to change unrefunded hard currency so they could walk across for a glimpse of the cobblestoned streets of communism - a complex of snazzy American office blocks is near completion and the Hainpoint Char-

lie salon is already open.

At Potsdamer Platz nearby, the redevelopment is so vast that I counted 45 cranes before giving up. Berlin's water table is high; Dutch divers vanish into the flooded foundations to lay

waterproof concrete before the water can be pumped out. Above them, Berliners flock to the infobox, a three-storey building giving views out over the city with models, maps, videos and information (in German and English) about the megaplans: new trains, diverted river, underground highways, shops, offices, homes, the crossroads of Europe.

West Berlin is as busy as ever, full of fast cars, beautiful people, 8,000 bars and restaurants and all-night clubs. A section of the Berlin Wall has been preserved behind barbed wire near Potsdamer Platz, but most of its 28 miles has vanished.

The lakes and forests which were once included within it still make up a third of the city. Berlin has the size, the history and the class of a *Grossstadt*. It even has the eccentricities that mark the true metropolis: chunks of Wall for sale in souvenir shops; an annual high-tech Love Parade through its streets; a teddy bear museum; even a salon specialising in public hair-dressing.

But for all the building works, it must still wait to become the capital again. Then maybe the buzz will return to the *Stadtmittel*.

John Westbrooke flew courtesy of Lufthansa, which until reunification was banned from flying to Berlin: now it has 14 flights out of Heathrow a week, from £153. Rooms at the Four Seasons start from DM395 single, DM775 double.

Motoring

Within an Ace of the Cobra striking back

John Griffiths monitors sports car builder AC's epic struggle to keep its place in the fast lane

Alan Lubinsky, pulled over by the police while driving his growling two-seater, was asked which kit car maker had produced his replica of the famous AC Cobra. Lubinsky was not amused. The car was the genuine item. Lubinsky should know. After lengthy negotiations with the receiver, he now owns not just the car but the company - the UK's oldest car maker.

"The trouble is, no one seems to know AC is still in production," complains Lubinsky, a 38-year-old South African-born entrepreneur, whose Nasdaq-quoted Pride Automotive car leasing group is the vehicle through which he acquired a unique portion of the UK's motoring heritage.

AC Cars, located on the Brooklands industrial estate in Surrey, just a stone's throw from some of the banking that still survives from the historic motor racing circuit, is a true veteran of the European motor industry.

It was founded in 1901 and has produced a wide range

of cars, from upmarket saloons and tourers in the between-wars period to thousands of uniformly pale blue three-wheelers for invalids, under contract to the UK government.

The Cobra sports car, at one time distributed by temporary majority shareholder Ford through its network of North American dealers, is probably its best-known product - and its most controversial. A coupé version prepared for the 1964 Le Mans 24-hour race was clocked at 183mph on the M1, 113mph faster than the motorway speed limit introduced - not wholly coincidentally - some months later.

In recent years, however, AC has struggled to stay on the road. In March last year it crashed, with debts of around £1m.

Much of the problem was a failure to bring into production a new car, the Ace, after investments totalling £10m by AC's then owner Autokraft, controlled by Brian Angliass. The British entrepreneur had acquired the company in partnership with

Ford in 1987, until the relationship soured and Ford pulled out in the early 1990s.

"But there was another problem which was immediately apparent," says Lubinsky. "There was an aircraft collection; there was a motorcycle collection. Everywhere on the office walls there were pictures not of cars but of aircraft. In business terms, it was clear that the eye had been well off the ball."

Two Tempest fighter aircraft from the second world war have been sold. There is an offer in on the Hawker Hurricane. Other irrelevant bits and pieces are also being sold, further to offset the £5.6m cash paid for AC's assets to the Price Waterhouse receiver. The pictures have all been replaced by others showing AC's cars. "It's what we do," says Lubinsky, with satisfaction. It is, however, what AC nearly did not.

With AC's creditors baying, Lubinsky was last year obliged to feed the receivers with advance funds for several months to keep the Cobra in production while

deal being nursed to a conclusion. Now, with staff at work and the £30,000 bespoke car moving towards the 30th anniversary mark, Lubinsky is ready to strike back.

Full-scale specialist car maker, however, is one of the world's most notorious for soaking up, with trace, large amounts of money and enthusiasm. Indeed, AC's ME 3000, a predecessor to the Ace, was an off to a group of senior Ford chiefs a decade ago, including former Ford Europe chairman James

apologising. Despite all their

expertise their company created to build it, Ecosse, quickly foundered. Lubinsky insists that with AC itself things will be different. Unlike many specialist car ventures, "we have the advantage of a decent brand; one that is currently undeveloped but which - unlike some others - has not been mutilated."

That certainly applies with the Cobra, which has a small but long-established global following. Commercially, however, Lubinsky has his main hopes pinned on at last bringing into production a fully developed version of the Ace.

If that goes according to

plan, next year will see production of 100 units of the Ace, a luxury sporting car pitched in price between Jaguar's XK8 and Aston Martin's DB7. By the end of the decade, Lubinsky suggests, production could be approaching 500 a year, with the car on sale in North America, the world's biggest single market for luxury sporting cars.

With its Ford V8 engine, bodywork crafted in aluminium and an interior for which more than one cow forsook its hide, the Ace is a big step removed from the glass fibre-based methods which form the basis of much of the small

specialist car industry. Lubinsky insists, also, that the Ace will get a head start in the marketplace in terms of image. "Take the Lexus [Toyota's luxury saloon]," he says. "That lacks image in the way that Mercedes, Jaguar or BMW has image, and will still take many years to acquire it. With the AC name, we've already got that image."

Whether potential buyers see it that way, only time will tell. The Ace has had a turbulent history since being shown in an early, primitive form by Autokraft and Ford at motor shows in the early 1980s.

Its long, faltering progress



Here, the new AC Ace is constructed in the time-honoured way

towards production, interrupted also by the receiver, are factors also hardly destined to help. Surveying some of the 47 "pre-production" Aces, in widely varying forms, built over the years and mostly scattered around the plant, Lubinsky himself acknowledges that he would not be restarting the Ace project himself "if 75 per cent of the work hadn't already been done" at the former owners' and creditors' expense.

Lubinsky says he is determined not to fall into the usual specialist car makers' trap, of enthusiasm for making cars eventually overtaking that for making profits. "Without profitability and tight control on costs, nothing can last," he says, pointing out that the factory is leased from Ford and that much of the assembly of the Ace will be contracted out.

The first steps back into the marketplace are already being taken.

Until now, AC has been selling the Cobra direct from the factory to customers round the world.

A few days ago it appointed the Portfield Group of Chichester, in southern England, as the first of its planned new network of dealers.

Lubinsky is hopeful that, eventually, the relationship between AC's new owner and Ford will change from one of wariness on the part of the giant US car maker to something warmer - perhaps to the point of ACs once more finding floor space in North American dealers' showrooms.

There are some at least potential Ford "insider" sympathisers. One of Ford of Europe chairman Jac Nasser's favourite cars is a Cobra.

Road test

The sound of silence

Stuart Marshall delights in Toyota's new electric car

Battery-electric cars are free of emissions but cannot match petrol or diesel cars for performance or range. So, what better place to try out battery motoring than Jersey. The maximum speed allowed is 40mph (65kph) at best and the island is so small that operating range is unimportant.

The thought occurred to the government of Jersey and Toyota. The Jersey Electric Company, British Airways (it carries most visitors to the island) and five top hotels jumped enthusiastically on the battery bandwagon.

As a result, Toyota RAV4 EVs, driven by holidaymakers who will pay the same £30 a day as they would to rent a Ford Escort cabriolet, will become a familiar sight on Jersey's roads this summer.

Every carmaker has dabbled with battery-powered

vehicles since atmospheric pollution and possible shortages of fossil fuel became important issues. Most now sit under dust sheets or are displayed in company museums.

Toyota and PSA (Peugeot-Citroën) Group are among the exceptions. Sizeable numbers of battery-powered Peugeot 106s and Citroën AXs and Saxos have been under evaluation in French cities for several years. A similar trial is planned for Coventry, in the UK.

As battery cars go, the PSA superminis are good. But the EV is better because it goes further and faster. Its top speed is about 50 per cent higher than that of the Peugeot and Citroën; and while this is irrelevant on Jersey, it also accelerates and climbs hills like a normal car.

Its state-of-the-art nickel metal hydride batteries, developed jointly by Toyota

and Panasonic, give it a range of 100km (60 miles) in urban driving conditions.

As the land mass of Jersey is only 28,717 acres (1,160 sq km) and permitted speeds so low, an EV could be driven around the island day without needing a charge or even a lunchtime nap.

Then, too, unlike conventional lead-acid or alkaline traction batteries, the technology on the RAV4 EV does not gradually lose power until practically charged. Long before that, however, an indicator will have told the driver to back to the hotel charging point.

Outwardly, the EV looks no different from petrol-engined versions of the RAV4. Under the bonnet is the electric motor and sophisticated control gear which provides regenerative braking. (The motor becomes a generator when the car comes downhill,

feeding current into the batteries.)

Since they are under the floor, rear seat and luggage space is unaffected, although the on/off-road RAV4's normally generous ground clearance is much reduced. Not that this matters because the electric one is driven through the front wheels, not all four, and is not meant to leave hard surfaces.

The EV is as simple as a golf buggy to handle. You switch on the electrical system with a key, shift a lever like an automatic transmission selector into "D" for drive, press the accelerator and go - in complete silence.

The EV reaches 30mph (50kph) as urgently as a hard-driven, 1-litre supermini. At 40-mph (65kph), you can hear the special, low rolling resistance Bridgestone tyres rumbling on a coarse road surface, but almost nothing else.



Toyota's RAV4 EV... as simple to handle as a golf buggy

Between these speeds, pick-up for overtaking is vigorous and quite steep hills did not trouble the EV at all. I have no reason to doubt Toyota's claimed 77mph (125kph) maximum.

On descents, you get motor braking by pressing a button when in "D" range, or by shifting into "B", the equivalent of low gear.

Tall tyres help to soften the EV's ride. The weight of the low-mounted batteries

assures stable handling and power-assisted steering makes driving and parking effortless.

The petrol-engined RAV4 is more civilised than many sports-utilities, but the one I drove after the EV seemed quite crude and bumpy in its ride, with the gear lever and clutch pedals an unnecessary complication.

Many a family with two or three cars would, I am sure, find an EV an ideal replace-

ment for a conventional supermini used for shopping, school and other short runs. Alas, it is not on general sale, although local authorities in Japan have been able to buy it since last September and about 320 will be sold to fleets in the US next year.

The Jersey trial is only the latest and most public stage of Toyota's 25-year programme to develop a viable battery-electric car. But

while the EV's exceptional performance is due largely to its high-tech batteries, nothing was said about their cost - and this must be many times that of lead/acid or alkaline batteries, the kind used on milk floats.

Even these relatively cheap batteries bulk large in the economics of running an electric car. Replacing them when worn out after a few years could cost much more than the "fuel" - the mains electricity used nightly for battery charging. Peugeot-Citroën's answer is to make people who have its electric cars on a long lease pay a monthly hire charge to cover the cost of battery replacement.

None of which diminishes the achievement of Toyota and Panasonic. The EV was as enjoyable to drive as it was friendly to the environment.

It is nice to think that, one day, governments will bite the bullet and order most of the vehicles now destroying the quality of life in city centres to keep out unless they are electric. Meanwhile, for £30 a day, hundreds of Jersey visitors and residents are about to discover the delights of electric motoring for themselves.

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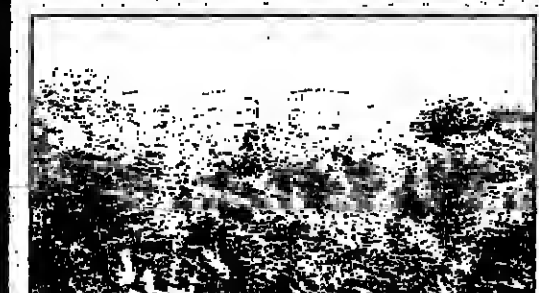
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FOOD

Time to think about outdoor eating

My picnicking has got out of control. Where once I was happy sitting on a rug munching an egg sandwich and a chocolate biscuit, with a bottle of water (tap, not mineral) in hand, I have now taken to picnic kit with a vengeance. From this month the boot of the car contains a table and two deckchairs - should an

April in England. They're playing cricket - and Hugo Arnold is arming himself for open-air feasts

opportunity to eat out present itself, I want to be prepared. Petrol stations are no longer just for petrol, those portable barbecues which you buy at stations get pride of place in my boot. My old cool box has been dumped, its replacement a rather chic little number that plugs into the cigarette lighter socket. I can now dispense cold Soave with

something akin to Italian style and my sandwich will have char-grilled lamb or chicken inside. Sites can turn out to be a bit of a problem in all this, because my passion for picnics is matched only by my enthusiasm to find the perfect spot and heaving this little lot around is hard work. Not for me any old lay-by, or

forest car park. It must be the top of a mountain with views to impress, or some deep shady glade. Or favourite of all, on the edge of a lake, for what picnic is complete without swimming. I like to think winter picnics are as good as summer, but even I balk at cracking the ice with my toes. Since the beginning of the 19th

century when the Romantic Movement reminded us, and the French, about the wonders of nature, the British have been a nation of picnickers. Before that, we eyed with horror, the idea of eating out, cosseting ourselves in inns, houses and palaces, doing our best to keep nasty nature at bay. Now, thankfully, all that silly

nonsense is over and we are free to indulge, whether it is Glyndebourne or a country field, Ascot or the park opposite. Today's recipes follow a loose British theme, over the next four weeks there are picnics based on Greek, Italian, Spanish and Moroccan cuisine, the latter something of a summer favourite with its heady mix of herbs and

spices and much use of the barbecue. May is the perfect month for English picnics, we are into asparagus time, sea trout, salmon and crab are at their best and lamb is developing character. Jersey Royals are well under way, cabbages are cheap and if you are lucky, there is the last chance to feast on purple sprouting broccoli, a most underrated vegetable.



The way we went: A family picnic in the English countryside, circa 1955

Hugo Arnold's perfectly pleasant picnics. Menu one

BROAD BEAN AND BACON PUREE WITH GARLIC TOASTS

(Recipes feed six)
Fresh beans should be available but if not, use frozen. They may not be as good, but they are better than many would have us believe. Olive oil; 2 tablespoons finely chopped shallots; 2 slices streaky bacon (pancetta is even better); 500g shelled broad beans; 4 tablespoons whipping cream; salt and pepper; 1 tablespoon freshly chopped parsley; 1 baguette; 1 garlic clove.
Method: Heat three tablespoons of olive oil and gently sauté the shallots and bacon so they soften, but do not colour. Add the beans, toss so they are well coated, season with pepper, add four tablespoons of water and cover. Cook for five minutes, or until tender. Stir in the cream and cook for two to three minutes longer, or until the sauce thickens. Check seasoning, stir in the parsley, allow to cool and liquidise briefly - you may need to thin it down with a little more water.
For the toasts, cut a baguette on the oblique, brush each slice with olive oil and bake in a hot oven (180C) for six to eight minutes, or until golden brown. Brush lightly with a cut clove of garlic and when cool, wrap in a napkin.

CHILLED ASPARAGUS AND RED-PEPPER MAYONNAISE

1.5kg asparagus; 1 red pepper; 2 egg yolks; 1 teaspoon white wine vinegar; mustard; salt and pepper; 200ml vegetable oil.
Method: Cook the asparagus in salted boiling water until just tender, drain and refresh under cold water. Place the pepper directly on your heat source - gas or electric - and cook until black, turning frequently. Transfer to a bowl, cover with cling film and allow to sweat for five minutes. Peel under cold running water to save your fingers from burning. Place the egg yolks in a bowl along with the vinegar; a tiny pinch of mustard and a seasoning of salt and pepper. Beat well and add the oil, drop by drop initially, advancing to a slow but steady stream, whisking all the time. Finely chop half the pepper so it becomes a mush and cut the other half into thin strips. Mix all the pepper with the mayonnaise and serve in dollops with the asparagus.

COLD BAKED SEA TROUT, TOMATO AND MUSTARD SEED RELISH

A cross between the best of salmon and old-fashioned river trout, one of May's real treats. Juice and zest from three lemons; 1 tablespoon black mustard seeds; 1 tablespoon yellow mustard seeds; 2kg sea trout, at room temperature; salt and pepper; extra virgin olive oil; 6 tomatoes, skinned, deseeded and core removed.
Method: Preheat the oven to 200°C. Combine the lime juice, zest and mustard seeds and set aside, overnight if possible. Season the fish with salt and pepper and rub generously with olive oil. Wrap in foil and bake for 25 minutes. Remove and, without breaking the seal on the tin foil, allow to cool. Transfer as is to your picnic spot to ensure you keep all the juices and the flesh moist. Combine the mustard seeds, lime juice, tomatoes and enough olive oil to moisten. Season with salt and pepper and serve with the fish.

JERSEY ROYALS, AVOCADO AND SPRING ONION SALAD

Two spring onions; 400g small Jersey Royals cooked; 1 ripe avocado; 4 tablespoons crème fraîche; juice of 1 lemon; salt and pepper; 1 tablespoon freshly chopped flat parsley.
Method: Finely slice the spring onion. Slice the potatoes and the avocado and combine with the spring onions in a bowl. Add the crème fraîche, lemon juice, season with salt and pepper, add the parsley and toss well.

BLUEBERRIES AND LEMON SYLLABUB

500g blueberries, washed and picked over; 100ml fine sherry; 1 tablespoon brandy; 60g caster sugar; 300ml whipping cream; zest of one lemon.
Method: Combine the sherry, brandy and sugar in a bowl and stir to dissolve the sugar. Stir in the cream and add lemon zest to taste. Whisk to a soft peak stage - it should hold its shape but beware of over whisking or you'll end up with a spiff mess. Chill and serve with the blueberries.

JANIS ROBINSON'S wine recommendation is a 1996 Sancerre such as Asda's Domaine de Saray at £8.99.

Appetisers
Hotel's
new
liaison

In a neat commercial move, Highclere Castle, near Newbury in Berkshire, and the Four Seasons Hotel in central London are joining forces for what they describe as a "Town and Country" venture this July.

It is a liaison that seems tailor-made for overseas visitors who relish hotel creature comforts and enjoy the idea of a privileged peek behind the scenes.

Highclere is the family seat of the Earl of Carnarvon. The present earl is racing manager to the Queen, his grandfather discovered Tutankhamun's tomb with Howard Carter.

During July 21-27, Mark Greenfield, Lord Carnarvon's chef, will be in London, teaming up with Shaun Whittington, chef of The Four Seasons restaurant, to create menus that reflect their personal styles and make use of produce from Highclere (including herbs, Alpine strawberries, lemons from the citrus greenhouse and an amazing range of tomatoes, all organically grown).

Guests staying a minimum of two nights at the hotel during this period can also enjoy an exclusive day trip to Highclere, where a member of the Carnarvon family will take them on a private tour of the castle, the stud and the Egyptian display.

For inquiries and bookings for the Four Seasons/Highclere Castle Town & Country Events on July 21-27, ring 0171-499 0888 or fax 0171-498 6829. Philippa Davenport

As if life were not complicated enough for those who work at CWS at the moment, its wine buyers are facing a further confusion. The Co-operative Retail Society has just gone in to wine in a big way, and it turns out that the St Chinian I recommended with such enthusiasm two weeks ago at its special April discount price of £2.79 is from CRS, not CWS. This means that rather than being available at the Co-op, it is sold by Co-operative Pioneer stores - and some Co-operative convenience stores. As some compensation for this mix-up, the CRS is extending its special dis-

count until next Saturday, although the wine is still worth buying at £3.49. The almost incredible plan, incidentally, is for CRS's new own-label range to be labelled Co-operative while the CWS own-label wines are distinguished by the financially emotive word Co-op.

Janis Robinson

One of the best buys of the current season must be Waitrose's organic purple sprouting broccoli. Sold in sealed plastic bags of just over 200g, these thin stalks are delicious. Steamed or boiled until just tender they are as good as asparagus when dressed with a hollandaise, or simply with melted butter. Olive oil, a generous grinding of black pepper and a few Parmesan shavings make a delicate first course. Available until early May, subject to weather conditions.

Hugo Arnold

Many readers who took advantage of the FT's enjoyable £5, £7.50 and £10 lunch fortnight at the beginning of the year, organised by my colleague Nick Lander, celebrated the event by making generous donations to Save the Children.

Now Save the Children Week is upon us and it is hoped that healthy men and women of good conscience throughout the UK will skip lunch for one day during the week (April 27 to May 3), then dip their hands into their pockets and send to Save the Children the money they would have spent on the meal.

Save the Children hopes to create greater awareness of the problems during the week as well as to raise funds for the fast and practical distribution of high-protein biscuits to malnourished children in the neediest areas, to get seeds and tools to farmers, organise credit and loan schemes, and help provide low-cost food to low-income families in the UK through food co-ops. Donations, please, to The Save the Children Fund, 17 Grove Lane, London SE5 8RD.

A harvest in the bush

Giles MacDonogh finds out how elephants get drunk



The fruit that leads to jungle partytime

fruit which proceeds to ferment in their guts. This leads to scenes of drunkenness in the jungle. No one was prepared to tell me, however, whether marula fruit had been responsible for some shameful events earlier this year which I saw reported in the German weekly *Der Spiegel*. Bull elephants had behaved like a bunch of lager louts, rapping cow rhinos and attacking a car full of German tourists.

The marula season had been premature, and by the time we got to M'bal there were none to be seen. Indeed, this may have explained the disaffection of the elephants, for we spotted just one in the course of two days of tracking. We had more luck farther north, near the copper mining town of Phalaborwa. We went to see Chief John a Shangaan, *induna* in a village called Makhuba: not so much the chief, we were told, more the chief's assistant to the assistant chief.

We found Chief John at his sewing machine, informally attired in a red shirt with buttons done up in the wrong holes. Asked in Afrikaans what the symbolic meaning of the marula was, he was lost for words. Marula had been able to stammer out the single word "money". Then after a little more prompting: "Clothes and schooling for the village children."

We had been told the fruit had all sorts of significance when it came to fertility and sexual prowess, but Chief John was having none of this. I asked if I might taste the beer they make from the fruit. By this time a large crowd had assembled under the marula tree to laugh at some photographs the local marula dealer had taken on a previous visit. When they spotted me tasting their beer, they could not contain their laughter.

I could see why really. It did not stand up to close evaluation, and my face undoubtedly bore a pained expression: it was very sour and had a nasty malty taste. Rather more palatable was the marula wine I tasted in Stellenbosch in the Cape. It is the basis of a liqueur invented by Jack Thirion, the chief bottler of the South African Distillers Corporation. Carefully fermented, the marula gives off a little apricot-like character combined

with an interesting spiciness and a fiery finish.

Thirion then distills the wine to make a clear *eau de vie*. This is where the process should end: there was a nice taste of custard apple and apricots, there again was the spice. It was a promising after-dinner drink.

For commercial reasons, however, Distillers is not prepared to leave it there. The spirit is aged for two or three years in Limousin oak casks and then sweetened. It is then taken to a suburb of Cape Town called Epping.

This can surely be no accident: the allusion to that place in Essex, notable for its lager-and-cream-liqueur-drinking, slip-on-shoe-wearing population of pony-tails, is clearly intentional. For here the spirit of the jungle is combined with fresh Cape cream to make "Amarula Wild Fruit Cream". And the stuff of wild elephants and savage lions is transformed into a tippie for pussy cats. Amarula Wild Fruit Cream is available in the UK from £11.99 a bottle.

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PROPERTY

Gardening

Primrose as sweet by any other name?

Robin Lane Fox argues that ignorance of flowers is a sign of profound moral rot

This weekend, the young, intellectual, yachting returns to Oxford University to renew battle with our syllabus. Life's usual mysteries lie before us: the date of ancient Sparta's constitutional reforms, why Solon, the law-giver, visited Cyprus, and how the Greeks settled in so much of the western Mediterranean but left the Costa Brava to the Phoenicians.

There is also the matter of the primrose. Every year, I ask some of them my basic Primrose Question. It is extremely simple, not the ancient Greek word for a cowslip or the non-relation between primroses and the flowers called Colocasia mentioned by the young Virgil. The question is as follows: what does a primrose look like?

Twenty-five years ago, I happened to ask it to some highly intelligent pupils; not one of them had the slightest idea. Could they really have lived for 21 years without any notion of the queen of all our wild flowers, honoured in English poetry since the time of Herrick, and scattered on the banks of our railways like pale, scented stars, to console the commuters delayed on Net-



work SouthEast?

Year after year, the score is no higher, including graduates, trainee teachers and one very senior ancient historian who once told me he had never realised, until visiting Delphi, that the Greeks had planted their fields with so many types of tulip from Holland.

But then, the victims answered back, in the person of a composed Miss Precision, who had life, including the Primrose Question, chilled in her intellectual ice-pack. Who cares about the names, she answered, except the academics, as we all see the same flowers as you do?

No doubt you remember Turgenev's enchanting *Fathers and Sons*, the novel in which the young man of the household brings his radical, nihilist friend, Bazarov, back to stay with his father among the lilacs



Twenty-five years ago, Robin Lane Fox asked some highly intelligent pupils The Primrose Question: not one of them had the answer

The Garden Picture Library

of the deep Russian countryside during the university's summer vacation.

The father of the household is dismissed as a "superfluous person" by his young visitors from the avant-garde; he retires, as I might, to the consolation of playing his cello in his garden while his young know-alls exult in knowing nothing in his house indoors.

Perhaps it was the same in the Garden of Eden, when Adam spent day after day in naming the beasts and knowing them, and Eve, maybe, said it was a waste because they saw the same

animals, anyway. One ancient rabbi did think that the knowing might have preceded the naming and should be understood in the biblical sense of the word: when Adam made love to each beast, he then decided to name it. The hedgehog must have been something wicked.

No doubt my young Bazharovina would have taken that, too, in her stride. Of course, she told me with disdain, plant names are the tyranny of the pedant.

Those of us who grow chrysanthemums might well agree with her, now that the

hotanists have re-named some of them Dendranthema. The most exquisite plant in my garden is the neglected Prophet Flower, which used to be called *Arnebia echioides* but has now been re-classed as *Arnebia pulchra*. This pedantry is annoying but if the plants had no names would we really notice so much in what we see?

Perhaps we would distinguish an anemone from a celandine but fine distinctions are enshrined in the different names of *Ribes sanguineum* and *Ribes alpinum* Aureum. Knowledge of the

different names helps me to notice the distinctions. It also helps us to buy, swap and inter-communicate. In Uganda, after Amin's atrocities, local botanical knowledge has been forgotten and plants are changing hands under names such as "Red Climber on the Corner of the Sberaton".

Names are still needed, even after anarchy, and without them we would simply notice less. I refuse to believe that Miss Precision had ever looked closely at a primrose and that her life was any less impoverished than her predecessors in my

tutorial chair. I blame videos, discos, cities, computers and parents for this utterly unhealthy state of ignorance which, of course, is a sign of profound moral rot.

What are the chances of preserving wild fritillaries if most over-educated undergrads have no idea what they are?

Or so I thought until last week when I found myself at an antique furniture auction. I know these styles, objects and periods, I told myself, as each item fetched a small fortune to bidders who were burning their latest bonus.

But could I have told you beforehand that I knew what a Girandole and a Canterbury looked like and what exactly was a gadrooned edge and a pair of turned couple feet? After all, I see exactly the same furniture as the cataloguer and those names are so pedantic.

The difference, stupidly, is that ignorance of flowers is morally, profoundly shocking. It implies blindness, inertia and a decided lack of fresh air. Whoever knew a furniture salesman who spent enough of his time with mother nature in her fields?

A burglar alarm in the house gives me wonderful, warm, secure feelings. It helps me sleep at night. Except for the times it keeps me awake at night.

The silent magic eyes in the corner of each of the downstairs rooms are on all-night duty. The last person up the stairs sets the alarm and we're secure for the night. If anything disturbs one of my unsleeping sentries, it will blink a red eye and tell me about it. Ear-splitting sirens inside and out will wake the household, the neighbours and the local police.

And so as my head hits the pillow, I should not be fretting. But often I am. For one of my biggest fears is that if the alarm ever went off in the middle of the night I would die instantly of a terror-induced heart attack. And if it did go off and if I didn't die, what on earth would I actually do? Storm downstairs in a nightshirt armed with a paperhack novel and a teddy bear from the bedside table? Cower under the covers? Send my wife, my children even, out to see if we were under attack?

As the alarm system is linked to a monitoring station, we should receive a telephone call from the security company within seconds of it being triggered. Once contact with the outside world was established, courage would be restored and I would gladly take my teddy and investigate the cause of the hullabaloo.

It has gone off once at night, in fact, but only shortly after we had gone upstairs. It was still terrifying. Once downstairs - I admit to having shouted gruffly and absurdly as I descended in a laughable attempt to put any burglars to flight - I found the kitchen door had accidentally swung shut and trig-



At Home

Security comes from a siren

Peter Whitehead finds having an alarm in the house to be a mixed blessing

gered a magic eye. We were able to tell the monitoring station that all was well.

Other events can trigger false alarms - burning toast, a giant envelope pushed through the door, and a wafting, helium-filled Mickey Mouse balloon tied to the bottom of the stairs - to name three that we have

experienced recently.

Pets and alarms are not a good mix either. Fish, budgies, hamsters - anything confined to a cage or a bowl - are not so much of a problem. But anything allowed roaming rights around the house has the magic eyes blinking as hard as a contact lens wearer in a dust storm.

Burglars also trigger alarms. It was probably naive of us not to have an outside siren and highly visible box over the front door but we felt it would spoil the look of the house. We also felt it might signal to thieves that we had something worth stealing.

What it actually did was fool a burglar into thinking he (we presume it was a he) would have uninterrupted entry to our empty house. So the first thing he knew about our alarm was when

he prised open one of our windows, stuck a leg in and set the interior siren wailing.

This did not stop him, however. He ran upstairs into our bedroom, grabbed a jewellery box, hack down-

We felt our alarm contained, even controlled, the break-in

stairs and away. We know his every move from the monitoring station's record of when each magic eye was triggered. The alarm company called our number, got no reply

and alerted the police. Officers were there within five minutes but noticed nothing suspicious. The shed door was swinging open and there were jammy marks on two windows but we were dismissed as just another false alarm.

This meant the house was left insecure for the rest of the weekend, a window hanging loose and the alarm crippled. The burglar must have been satisfied with the virtually worthless box of trinkets he had taken and did not return.

Many people feel angry and violated by burglaries and are sent into long depressions. We felt angry. But the quick action of our all-seeing guardian made us feel that we had contained, even controlled, events in some way and steered us away from feelings of help-

lessness.

It also meant the children hardly noticed. They do notice that we have an alarm, however. They know not to go downstairs before mum or dad has gone down to turn off the alarm and often ask: "Can I go down? Is the alarm on?"

They are only aged four and two and haven't yet asked why we need an alarm at all. But they will. I could tell them it's in case we ever have a fire while we are out or asleep but they will one day know it's to keep people out too. And I fret about the effects that living in such a fortress might have on the children - with security and peace of mind coming from a siren rather than a community built on trust and decency. Even so, I cannot imagine being without one.

On the Move

London heatwave

Anne Spackman says rises are confirmed. But will it last?

For the first time since the end of the property recession all three long-standing house price indices agree that values in London have increased by about 20 per cent in the 12 months to March. The Halifax building society puts the figure at 17.4 per cent, Savills Research puts it at 19 per cent and the Nationwide gives a figure of 21 per cent.

The strongest areas of growth, from Fulham to Clapham, have seen price rises of around 30 per cent, while prime areas such as Kensington have cooled slightly. This may partly be due to slight anxiety over the general election or it may be that the market which boomed first is slowing first.

Nevertheless, "overheated" is the word which springs to the mind of Yolande Barnes of Savills, to describe the current London market. She has upped her estimate of price rises for 1997 to 12 per cent, having seen her original figure of 7.4 per cent exceeded in the first quarter.

"Things look extremely like they did in 1987," she says. "Transactions should be down across the board before an election, but they are not. The continued shortage of property for sale may mean that even this rate of growth is exceeded, negating the question, when and how will it all stop?"

Estate agents say the number of owners asking for valuations has risen steeply, suggesting more houses will be put on the market in the coming months. Douglas and Gordon, who have seven offices in south-west London, say they have done 210 more valuations in the first three months of this

year than last. All these sellers will, of course, be buyers in turn. But it is unlikely they will all remain in London. Any significant increase in the numbers of houses for sale should ease the pressure buyers are currently under and pull the London ripple further out across the country.

If prime central London is slowing down because prices have gone as high as the market will allow, this suggests the rest of the capital will follow suit. If the Labour party wins the election and announces a budget for July that could also cause a small lull in the current heatwave.

Scotland bullish

In Scotland, where a Labour victory could mean significant political changes in the long-term, buyers in general are similarly sanguine about the general election. In Edinburgh, DTZ Debenham Thorpe reports a healthy start to the year, with new home sales strong. In Inverness, Finlayson Hughes says the strong local market is being boosted by interest from buyers in the south of England.

The most bullish sector is for good country houses with some land. One country house outside Inverness, which had been on the market for four years, suddenly sold for £50,000 over its asking price, under pressure from two London buyers.

However, one market which is unusually quiet at the moment is sporting estates and farms. John Bound of Finlayson Hughes says he thinks owners of those properties may be awaiting the result on Thursday before deciding whether or not to sell.

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PROPERTY



Hooked on the weekend country home

If you ask anybody how long it takes to get to their weekend house, they will give a journey time which excludes travel on Friday or Sunday evenings. If you ask how much it costs, they probably haven't worked it out. As far as most weekenders are concerned, the traffic jams and the expense, the worries about break-ins or maintenance problems, are more than compensated for by the pleasures of being there.

Weekending is on the increase. The second homes market has returned across the country this year, on the back of the buoyant housing market. What is unusual this time around is the demand for larger properties. Those who can afford it are not scaling down for the weekend.

Bidwells in Norwich reports a demand for family houses on the north Norfolk coast. In Kent, Cluttons is selling farmhouses to weekenders.

In the Cotswolds, Knight Frank has had a couple of recent sales over £750,000 to second-home buyers from London. Most surprising is the statistic from Salisbury, where Savills found that

Which is best – buying or renting a second property? Or the odd break? Anne Spackman reports

the average price paid for a second home last year was higher than the average paid for a main home.

Suffolk is a county well-supplied with large timber-frame farmhouses in the kind of rural locations weekenders want. Mark Oliver, of Savills in Ipswich, has sold two at around £275,000 as second homes this year. "It's the younger ones from London who are buying the houses," he says. "They either want the coastal area around Orford and Aldeburgh or they want countryside in east Suffolk."

"The market for the typical country cottage is only just beginning now. We are putting on a cottage in Snape with a pretty but easily maintained garden, at £150,000. That will be a good test of the market."

Sales are only part of the picture. Weekend renting has become a popular alternative, with demand vastly exceeding the right sort of supply. There are few furnished rural idylls within striking distance of London. If anything comes up it is

likely to be taken within a week – regardless of the rising prices.

Knight Frank in Oxford has two estate cottages in the thatched Cotswold village of Great Tew, which are being renovated for rental at the moment. With prices at around £1,200 a month for two bedrooms, a kitchen and a living room, they have already had tenants expressing an interest.

Annabel Barnes of Hamptons' country lettings says people are often amazed at how much they have to spend. "People expect to pick up a pretty cottage in Sussex or Hampshire for around £500 a month," she says. "In reality, they are more likely to cost £1,000 a month or more. If they are prepared to go west to Wiltshire or Gloucestershire they may get something a little cheaper. The real problem is finding somewhere which satisfies their criteria."

Those who either cannot afford or do not want to commit to a permanent second home are renting weekend cottages through agencies. The holiday homes

business is said to be worth £2bn a year.

So which is the best way for city-dwellers to get a weekly dose of fresh air and green space? I asked a second home owner, a renter and a weekend breaker

'We arrived early to find our cleaner entertaining someone in our bedroom'

about the pros and cons of their chosen method.

THE OWNER: Patrick Trelawney has a weekend house on the Hampshire/Wiltshire borders.

"Having a country house is a bit like having children: the ability to forgive the bad sides because you are so in love with the good sides is extraordinary. My wife and children battle with 800 trillion other people for

three hours to get there on a Friday and we all do the same on the way back.

"You simply haemorrhage money – it's better not to work out what it costs. There's the maintenance, the telephone bill and paying to have the grass cut. We once arrived unexpectedly early one Friday to find our cleaner entertaining someone in our bedroom."

"But the joy of being there is immense. The space, the lack of stress, the way the pace of life slows down. If you have children it is so wonderful to be able to park them in 15 acres of countryside at the weekend rather than 150 of back garden in Fulham."

THE RENTER: Sarah Lander and her family share a Shropshire farmhouse with three other families.

"Having the house has made a fantastic difference to our lives. Swapping an urban life where your children cannot go out of the front door without you because of the traffic, to one where they can wander off through an orchard is wonderful."

"We all meet up to allot weekends and air any grievances. We each get one weekend a month, plus a half-term and two weeks in the summer. We wouldn't want to go away every weekend. It costs us £2,500 a year plus a share of the bills. Owning or renting a whole house would be impossible because of the cost."

"We leave all our things there, so we don't have a major pack every time. There is a huge larder in which everyone has their own shelf, yet it still feels like your own place. There is also a cleaner which is a big bonus."

"I suspect we will see more of our London friends out there than we do at home. You have a much more relaxed time together. The key thing is that we all get on very well. Everyone is committed to making it work."

THE WEEKEND BREAKER: Alison Bodcombe and her husband rent cottages in the country or by the sea for two weeks and several weekends a year.

"We looked to rent a cottage with another couple for a year, but the right place never came

up. We wanted somewhere with in two hours of London, with a view and a feeling of space, where you could walk straight from the front door into countryside. Nothing was like this enough."

"I grew up in the country. Though I love living in London I need the space and the feeling of the wind in my hair. We both have quite stressful jobs. We definitely need to get out sometimes."

"We tend to go to Norfolk or Cornwall for the sea and the Lake District or Wales for the hills. Doing it this way, we have the choice. We don't mind driving a long way if necessary and we are pretty flexible about leaving times."

"It's quite exciting setting off to a new area. It makes it feel more like a holiday or a treat than it would if it was our home. But the idea of having your own place and starting to make a base – even in a small weekend way – is still quite appealing. We had a couple of lovely weekends in the country last winter and the idea resurfaced. If we did it, we would definitely rent first, just to see if packing up the car on a Friday night really got to us."

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Weekend FT

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SPORT

Sporting Profile

Master of the pitch, linguist, Dutch hero . . .

Johan Cruyff, possibly Europe's best ever footballer, still pulls the crowds, finds Henk Spaan

A few days ago a portrait of Johan Cruyff was unveiled in the Amsterdam Arena, Ajax's futuristic stadium with its less than fertile pitch.

The great footballer was there, unruffled by the eight television crews surrounding him. Cruyff was 30 years old yesterday and has been the most famous Dutchman for three decades. But his personality has been quite unaffected by the furore he creates in others.

After the unveiling he gave me a lift back into town. Three hours later he was to analyse the Champions League match between Ajax and Juventus for Dutch television. During the ride, constantly watching me instead of the traffic, he enthusiastically explained the only way Ajax could beat the Italian champions. Unfortunately he no longer coaches Ajax. The team lost.

Cruyff drove through a red light. He has a theory that he has a right to do this, as he believes the traffic lights in Amsterdam are positioned wrongly. But this time he was in a hurry, racing home to change into shorts and soccer boots. He had a date with friends to play a game somewhere among the trees in a public garden in the heart of Amsterdam. "Nothing heats soccer," he assured me.

Cruyff was arguably the greatest European footballer ever. He won rows of trophies with Ajax and Barcelona, and led Holland to the 1974 World Cup final, which the country lost to its hated neighbour West Germany.

Cruyff created the Dutch footballing tradition. But as well as being a great footballer and thinker on the game, he is a most unusual man.

The entire Dutch nation has celebrated his birthday with him, which already seems to have overshadowed next week's Queen's Day, traditionally the main Dutch holiday.

Six books have been published on him recently. Every major newspaper has published a special "Cruyff Supplement", and the weekly tabloid Panorama has dedicated more than 100 pages to him. Hard Gras, a literary magazine solely devoted to football, cannot produce enough of its latest

Cruyff's contorted aphorisms rival those of Yogi Berra, the baseball legend

issue with a rare picture of Cruyff smiling on the cover.

Yet Cruyff hardly seems to care. He is very much the same man who grew up in a humble home in the "Red Village" in the east of Amsterdam.

The house, fortuitously, lay a few hundred yards from the Ajax stadium. As a 10-year-old boy, Cruyff was already totally at ease in the club's dressing room among the stars of the first team - he used to advise them on how to improve their game.

Being born in a socialist housing project helped turn him into a typical 1960s role model. Cruyff was a rebel. He was the first player to refuse the fatherly guidance of his club president: he wanted good money for his skills and he was prepared to fight for it. He also fought

a revolution against the Dutch football association, which let footballers play in international matches without insurance.

But he was never like his fellow Amsterdam baby boomers, the long haired "provos", who in the late 1960s and early 1970s offered reasons to traffic policemen and attacked authority for the sake of it. Cruyff's struggle was for real. His influence in shaping an egalitarian Dutch society was perhaps greater than that of the student revolution.

Throughout his career, Cruyff has been someone the Dutch public listens to attentively. Cruyff is fluent in several languages, and considers himself a supreme logician, but his use of Dutch is a subject for writers and linguists.

Cruyff's contorted aphorisms rival those of Yogi Berra, the baseball legend who created phrases such as "It ain't ever till it's over" and "I had that same déjà vu feeling all over again".

Cruyff started to compete with Berra very early in his career when he said "I can't be the thief of my own wallet". He silenced the nation by arguing, "If things are not working then they don't work." On his famous speed of thought, he said "If they time normally with me, they are always just too late", and "before I make a mistake, I refrain from doing so".

He left school at 12, and repeated for years that the crime novel *Knock on Any Door* was the only book he had ever read. Yet most journalists who interviewed him came away feeling slightly dizzy.

When one asked him if he thought Real Madrid, the indebted Spanish football club, would go bankrupt, Cruyff replied: "Can you imagine a Spanish league

without Real Madrid?"

"No," said the journalist. "Then I think the problem has been solved," said Cruyff.

Money has been a key subject in his life. He had yet to win his first European Cup when he said: "After my career is over, I can't go to the bakery and say,

"Baker, I'm Cruyff, give me bread."

The first time I met him, in his adopted hometown of Barcelona nearly 30 years ago, he greeted me with the words "give me a cigarette, please". He exploited his reputation as a miser to the full. It became one of his trademarks, but it was

unjustified. The Johan Cruyff Foundation, for instance, gives to all sorts of children's causes.

Today, after a heart bypass operation, Cruyff no longer cadges cigarettes. Instead he has started to eat candy - the candy business in Barcelona has boomed as a result.

After 10 years of managing Ajax and then Barcelona, he has stopped working for the first time since he was 15 and finds he rather enjoys it. He lives with his wife Danny in Barcelona, and drives his motorcycle through the city visiting his two daughters. His son, Jordi,

plays for Manchester United.

The best place to find him in Amsterdam today is in the park, roller skating among 14-year-olds who wear their baseball caps backwards and who take their slight, worn companion for just another ageing hippie.



There are some people for whom the legendary Manchester United football star, Eric Cantona, is God; others may be more inclined to crucify him. Last week both parties got a chance to have their say when a huge canvas was unveiled, depicting the less than saintly Cantona as Jesus Christ.

"The Art of the Game", by young Manchester artist Robert Browne, based on two Renaissance works, Piero della Francesca's "The Resurrection" and Andrea Mantegna's "Julius Caesar on his Triumphal Chariot", shows Cantona as the resurrected Christ, stepping barefooted from the tomb, mercifully sans stigmata, eyes fixed sternly on the future. Behind him, depicted as Julius Caesar crowned with laurels, sits Alex Ferguson, manager of Manchester United. Cantona's team-mates are shown as Roman soldiers, relaxing at his feet.

Predictably, the painting caused outrage in some quarters. "Both offensive and blasphemous," spluttered the Rev David Holloway, founder of Reform, a fundamentalist group. "A bit of a cheek," grumbled another cleric. "There is no way this painting is blasphemous," declared manager Ferguson. "I think it shows the part that footballers play in people's lives in modern times. They are people's heroes. The artist pointed out that the painting is intended to be tongue in cheek: 'It reflects street humour - the kind of humour the fans have.' Cantona himself let his

actions speak louder than words. He has purchased the painting for a sum reputed to be between £50,000 and £100,000.

"The Art of the Game" was bound to please the fans and shock the clerics. But is it art? The art establishment maintained a disdainful silence.

Sport seems to be infiltrating every aspect of life. We have sporting symphonies, sporting literature and sporting auctions; but the final frontier must surely be fine art. Last year, in the wake of Euro '96, there was a flurry of exhibitions of sports art, from "Offside!" in the home of football, Manchester, to "Football" in the home of fine art, London's Cork Street. Many more are promised, starting with the "Art of Boxing" this June at the Turnhalle, a Victorian-era gymnasium behind King's Cross in central London. Recent exhibitions have cast up a variety of floats and jetsam: a pair of vertiginous Vivienne Westwood shoes fitted with football studs, for example; an epic painting of the ubiquitous Cantona in Socialist Realist style; Peter Blake's 1991 "F is for Football" from his artistic alphabet; a bronze cast taken from life of "Prince" Naseem Hamed, iconic British boxer and world featherweight champion; and several 19th century prints, including one by Isaac Cruikshank and



'Gillespie Road', 1997, by Peter Howson. "I've always wanted to make my art non-elitist and for the people"

a Japanese woodblock print of Kemari, ancient court football.

Art and sport make strange bedfellows. One problem is that much sporting art is plain bad. The term conjures up images of 19th century racing prints or portraits of sporting heroes painted by enthusiasts which barely qualify as art. Artist Justin Mortimer says: "People will only engage in sports art on the first level of signification" - in other words, the punter is liable to pay considerably more attention to the subject of the painting than the art

per se. Mortimer paints portraits, ranging from football heroes such as Arsenal's Ian Wright to the Queen, a recent commission. Simon Patterson's "The Great Bear", a subverted map of the London Underground system, was in the running last year for Britain's premier art award, the Turner Prize. He says "any subject is just a subject, it's just material". A few years earlier he had the joyous realisation that there were the same number of people present at the Last Supper as in a football team. If you

included the reserves. The result was two works laying out the apostles in strategic football formations, each with Christ in goal. One has St Peter and Judas in reserve, the other St James the Less and St James the Greater. "Anything to do with sport has to have a certain degree of wit," says Mark Wallinger, shortlisted for the Turner in 1996, the year it was won by Damien Hirst and his formaldehyde-pickled cow in a tank. "You need a bit of wit to be a life-long West Ham supporter, something's got to get you

through. Whereas people like their artists to be very serious. There's a hierarchy of subject matter. It's got to be something that looks pleasingly monumental and important."

Wallinger is one artist who has consistently taken sport as his theme. "I did a football piece in 1987 called 'They Think It's All Over It Is Now'. At the time I was virtually alone in dealing with sports, at least among artists in this country." He describes the piece as a large sarcophagus cum plinth topped with a Subhuteo model football pitch, with the tiny players arranged as at the moment of the victorious British goal in the 1966 World Cup Final. "It was a memorial to the last time that patriotism seemed to be wholly innocent."

Wallinger's primary passion, horseracing, reached its apogee famously with the purchase of a horse which he named "A Real Work Of Art". After she was injured in one of her first races, he decided that he had made his point as far as sport was concerned. His new work deals with the monumental subject of God (though with no less wit).

The critics' response to exhibitions of sports art tends to be either patronising or disdainful; one art critic refused to attend an exhibition and sent the sports editor along instead. The public,

however, likes it. "It crosses the divide," says Justin Mortimer. "It makes art accessible."

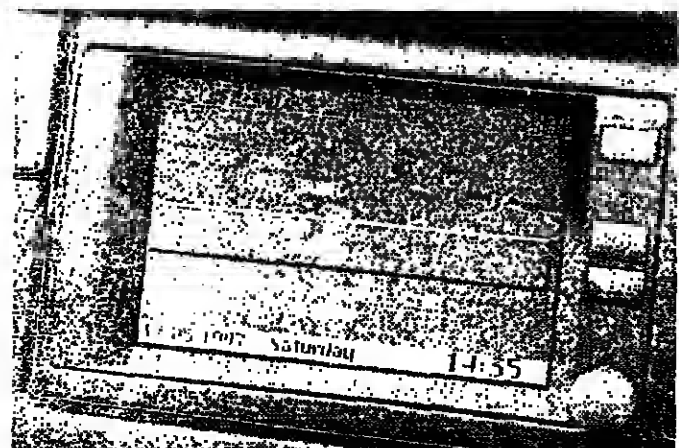
Peter Howson, one of Britain's most celebrated artists, is working on a set of football paintings, having completed a two-year stint as official war artist in Bosnia. Why football, of all things, after Bosnia?

"I've always wanted to make my art non-elitist and for the people," he says. "I've always intentionally made my painting not too abstract or too conceptual. Football has generally been recognised as the art of the people, so that makes it the perfect subject."

Paintings such as "The Glorious Game", a tangled mass of arms and legs battling for a ball, are a long way from the traditional notion of sporting art. "It's very easy to make a football painting like an illustration," says Howson. "It's difficult to make it into art."

As sport becomes gentrified, maybe it is time for sports art to come in from the cold. "I hope my paintings will pull in football supporters to look at them," says Howson.

"The Art of the Game" is currently showing at Manchester City Art Galleries. The Art of Boxing is at the Art Depot, Turnhalle, 26 Poncras Road, London NW1 from June 13-18. Mark Wallinger's work shows at the Anthony Reynolds Gallery, 5 Dering Street, London W1. Peter Howson's exhibition of new work is at Flowers East, Richmond Road, London E8 until May 18.



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EDUCATION

The summer school is set to become the fashionable form of learning in the new millennium.

Job insecurity and the need to acquire "employability skills" - "upskilling" is as familiar on the shop floor as in the boardroom - has already forced thousands of workers to develop the taste for summertime study.

If Labour wins the general election, this trend is likely to continue, since it has pledged to "kick start" the idea of individual learning accounts with £150m of Training and Enterprise Council money. With this, a million people would receive £150 and the chance to embark on a course of their choice.

Tony Blair, the party's leader, has also pledged to set up literacy-based summer schools across the country so that primary school children can have extra lessons in reading and writing. If these go ahead, it would mean a generation of children growing up used to whiling away the lazy summer months by undertaking some form of recreational study.

This is likely to put a spring in the step of the summer school industry. But there is already an enormous choice of courses on offer, ranging from "agro-forestry for sustainable land use" (Wye College, London) to "yoga for busy people" (Weald College, Middlesbrough). The cost also varies to suit all pockets, from just a few pounds for day courses to well over £1,000 for summer-long residential courses.

Fee-paying schools have a long-established tradition of running summer schools, offering residential courses in pleasant rural surroundings. One is Millfield School in Somerset.

This year, the famous boarding school is offering courses in "dowsing and divining", "Egyptian Oriental Dance" and "cottage garden embroidery" as well as the usual fare of "graphology", "hammock making" and "trout fishing".

For the athletic, there is a swimming course in the Olympic-size pool or an intensive five-day "Boletieri" tennis course which uses the method devised by Andre Agassi's coach.



The V&A runs a 'History of the visual arts in the West' course, tailor-made for 'enthusiastic beginners'



Cambridge's grandest Trinity College offers a three-week 'medieval studies summer school' for £245

Where leisure and learning meet

Simon Targett reports on the rigours - or otherwise - of attending a summer school

In all, around 40 independent schools run summer schools, according to the Independent School Information Service, which publishes a brochure of courses. Again, if Labour wins the election, more are likely to open their facilities to the general public, since David Blunkett, shadow education secretary, has warned that wealthy private schools will have to earn their charitable status by forming partnerships with the local community.

Specialist colleges and museums are increasingly putting on summer courses, especially in art and drama. The V&A, the national museum of art and design, runs a month-long "History of the visual arts in the West" which is tailor-made for "enthusiastic beginners". There are also art-oriented summer schools at Central Saint Martins, the Slade

School of Fine Art and the Roehampton Institute in London.

Meanwhile, for actors and directors, there is the "Shakespeare Workshop" offered by the London Academy of Music and Dramatic Art. It runs from July 21 to August 15 and costs £1,612 (£1,250 without accommodation).

With over 300 applications for around 30 places, it is highly competitive, but successful students are rewarded with a taste of conservatoire training by the Lamda faculty, and occasionally stars such as Timothy West and Janet Suzman pop in to give master classes.

Many universities have extra-mural departments which organise summer residential programmes. Cambridge University is offering more than 60 different courses at Madingley Hall, giving all those "aged from

18 to 80 plus" a chance to "experience life as a Cambridge student".

For £245, a student can stay in Trinity, Cambridge's grandest college, and enrol on the three-week "medieval

Stars such as Timothy West and Janet Suzman pop in to give classes

studies summer school". That would mean studying medieval illuminated manuscripts, or old Norse literature, or war and chivalry - all tutored by Oxford dons or professors from other top universities. There are similar college-based summer schools in history, Shakespeare, English literature

and art history.

Anyone wanting to polish up a language before a trip abroad can try one of the official national government-run institutes: for French, there is the Institut Français; for German, there is the Goethe Institut; and for Spanish, there is the Instituto Cervantes. A two-week intensive course at the Goethe Institut runs during July and August, totals 60 lessons and costs £223.

There are also a myriad of off-beat idiosyncratic courses, such as the £180 one-week course in sculpture run by the Portland Sculpture Trust. Working in the disused Toot Quarry on the Isle of Portland, students work the famous stone which has been used for many of London's key City sites, including St Paul's cathedral.

Guided by a skilled mason,

students hammer and chisel figurative or abstract pieces and, at the end of the week, are free to take their prized stone carving home.

Alternatively, there are the exotic educational summer cruises, where "students", if that is the right word, tour historic locations accompanied by distinguished, and sometimes famous, guest lecturers.

For instance, for £1,790, Swan Hellenic Cruises offers an 11-day trip around the Aegean, with star lecturers including Malcolm Bradbury, the author and literary scholar, and the Rt Rev Jim Thompson, bishop of Bath and Wells.

This might sound rather relaxed. But, like the standard "courses", it mixes learning and leisure, and that is the essence of any summer school. It is not supposed to be a human's holiday.



Malcolm Bradbury: star lecturer on an Aegean cruise

Cambridge

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Weekend Investor

Wall Street

Wobbling away from lazy afternoons

John Authers still finds it difficult to get too excited about the latest rallies

Lazy afternoons are a thing of the past on Wall Street. Equities have been on an exciting and unpredictable drive in the last few weeks, with each day seeming to bring a market totally changed from the day before. Since mid-March, the market has wobbled in exciting fashion, with the Dow Jones Industrial Average recording the greatest daily gains and losses of the decade. Three-figure falls have been recorded four times since March 13, when the market fell 180 points. As recently as March 11 it fell 148.36.

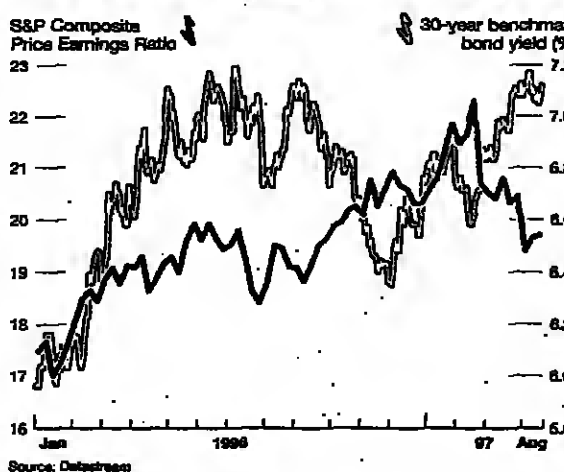
The same period also saw three daily rises of more than 100 points, including a gain of 173.39 on Tuesday this week – the highest rally of the 1990s, falling short only of gains made in the immediate aftermath of the "Black Monday" crash of 1987. Tuesday's gain of 2.6 per cent, was the biggest in percentage terms since 1991. So while the most closely watched indices are not dramatically different from their levels of mid-March, there has been a marked change in behaviour – volatility has increased, with the market frequently changing direction to mid-session. And the greatest movements have been recorded in late afternoon trading rather than in the first few minutes after the opening bell as is customary.

Share prices usually move most early in the morning, because companies and government statistical agencies release new information before the market opens. Marketmakers mark prices down or up in response to information, so that big shifts take place with comparatively little buying or selling to push them.

But Tuesday saw no significant new economic information. While several companies published results which were ahead of expectation, they could not, in their own right, explain the dramatic rally that followed. Instead, computer-driven programme trades must take the credit.

Programme trades typically wait for a given price trigger before coming into effect. If this has not been reached by mid-afternoon, traders often decide to go ahead anyway. Hence these trades, and the dramatic

Contradictory signals from the market



swoops in the index which follow them, tend to happen in the afternoon.

According to Mr Laszlo Birinyi, whose Connecticut research firm tracks programme trading, the present conditions magnify the impact programme traders can exert on the market.

He says: "What I've seen is that whenever the market has a disturbance and the buyers are a little hesitant, programme traders accelerate activity and have much more impact than usual. They have a view, or an attitude, in a market where there's no view or attitude."

Heavy volume is not needed in these situations. Concerted selling of 70 or 80 stocks when there are few convinced buyers will do the trick. Market psychology also plays a part, as traders are reluctant to move against the market trend late in the session, and then have a long evening to ponder their actions. As Birinyi puts it: "Nobody wants to make a lot of commitments at 3.30 in the afternoon."

By his estimates, more than half the decline in the Dow at the end of March and the beginning of April came from the acceleration of programme activities. Similarly, most of Tuesday's rise was attributable to five big afternoon programme trades, one of which involved the purchase of 320 stocks.

While technical factors have fuelled the Dow's recent extremes, one or two fundamental factors also pushed the market. Corporate earnings announced in the last few weeks have been

better than expected, with about two thirds of companies beating their forecasts.

Combined with the noticeable drop in price-earnings ratios in the last month, these gave ample reasons to buy. Preliminary estimates by Goldman Sachs suggest earnings are still on course to increase by 10 per cent for the year. Companies such as IBM and Microsoft have seen their share prices leap in the last two weeks after announcing earnings.

But it is still difficult to get excited by the latest rallies, impressive though they seem on the surface.

First, while the price-earnings ratio might be signalling a buying opportunity in stocks, bond yields of more than 7 per cent send precisely the opposite signal.

Second, the recent market gains have been very narrow, and restricted to a few stocks and sectors – particularly the blue-chips in the Dow, which are generally seen as safe, defensive investments.

On Tuesday, the Nasdaq composite, weighted toward technology stocks and smaller companies, gained only 8.79 points to 1212.74 – less than 1 per cent. A week earlier, on the Dow's previous 100-point gain day, the Nasdaq was down for the day.

Dow Jones Ind Average
Monday 8962.21 - 43.34
Tuesday 8933.59 + 173.36
Wednesday 8812.72 - 20.87
Thursday 8782.25 - 20.47
Friday

London

Prices tell the voting story

Ross Tieman goes in search of stock answers

It begins slowly, as these things do. A little optimism spreads, like the first light of dawn. A general relief that the political campaigning is almost over further lightens the gloom.

Then the speculators chime in, unable to resist a punt on the outcome. A pre-election rally ensues.

It has happened before – in 11 of the past 13 elections. Analysis by stock market historian David Schwartz shows that only twice since 1950 has the stock market failed to pick up in the five days up to and including election day.

These are not big rallies, mind you. The strongest was in February 1974 when the All-Share index added 3.94 per cent before voters elected a hung parliament. But two factors stand out.

First, the market invariably has risen ahead of the election of a Conservative government. Second, the two

occasions when it fell ahead of the result occurred when Labour achieved its largest numbers of MPs elected.

The biggest fall, of 1.37 per cent, occurred in 1966 just before Labour secured a 49-seat majority, its largest since 1950. In October 1974, the fall was just 0.52 per cent, and the majority was just two.

So, if past trends are repeated, a fall in the market over the next four days will signal the impending election of a Labour government. The more prices fall, the larger the Labour majority is likely to be.

A glance back at the eight trading sessions immediately preceding this rough-and-ready indicator shows an unbroken rally, with the FTSE up 78 points to close on Thursday at 4383.5. If that upward trend resumes after Friday's 18.8 fall then the Conservatives might be on course for a surprise victory.

Historically, the market tends to fall after a Labour victory and rally after a Tory triumph. But, as the figures show, the movements are often quite modest.

The real knee-jerk reactions occur not in response to the victor's politics but when the election outcome is unexpected.

The biggest fall, of 10.9 per cent, followed the return of a hung parliament in 1974. The biggest rally, of 8.96 per cent, succeeded John Major's unexpected victory in 1992 over Labour, then led by Neil Kinnock.

Investors who want to turn a profit on the election should be wary. Often, the move over the 10-day period bracketing the election is modest. Equally important, it is often in line with some pre-established trend. The Conservatives' victories under Margaret Thatcher, for instance, all came during an exceptionally strong and prolonged bull market led by



Optimism spreads like dawn's early light

economic growth in the US.

Is that the situation today? Clearly, not. Between now and the year's end, the election outcome is only the first in a series of hurdles the market must overcome.

A report from the International Monetary Fund this week argued that the UK economy is in danger of overheating and urgently needs higher interest rates, or higher taxes, or both, to slow the pace of expansion.

The case is confirmed in part by the quarterly industrial trends survey conducted by the Confederation of British Industry. This predicted a strong upswing in both demand and output in response to domestic growth, despite softer demand from export markets caused by the strength of sterling.

"History shows chancellors [of the exchequer] always put off raising interest rates before an election," says Schwartz. "In their place, I would do the same."

Most brokers expect base rates to rise from their present level of 6 per cent to around 6.75 by December. The first rise is likely soon after the election, no matter who wins. And taxes on companies probably will rise, too, particularly if Labour comes to power.

There also are signs, however, that the recovery is reaching a more mature phase in which other constraints start to slow the pace of growth.

Economists fret about a rise in general inflation from its present modest levels as

a result. But strategists are starting to focus upon the impact the changing nature of the recovery will have upon company profits.

Unemployment in the UK fell to 6.1 per cent in March. Average earnings now are rising by 5 per cent a year. In a recent note, Richard Kersley, strategist at broker BZW, argued that strong sterling is constraining the prices companies can charge, while their opportunities for productivity gains are diminishing.

In the early years of recovery, companies were able to capture most of the benefit from improving volumes and productivity as profit. But from now on, he suggested, higher wages will have to come out of operating profits, reducing the earnings left for shareholders.

For some of the go-go stocks of the past few years, the effect would be terrifying. Analysis of the FTSE 350 suggests the general industrial and service sectors are the most sensitive to the effect of higher wages.

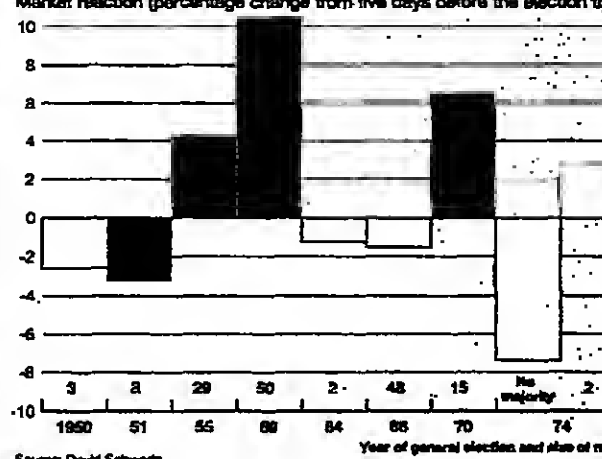
But the findings are remarkably stock-specific. According to the data, services companies would see profit falls of up to 60 per cent, insurance brokers 50 per cent, and retailers up to 30 per cent.

Now, that is a good deal more material to the market than any polling day rally or plunge. The real political question is how the election victor will handle the economic issues gathering in its in-tray.

And that will not become clear for months.

Electoral surprises cause biggest swings

Market reaction (percentage change from five days before the election to five days after the election)



Highlights of the week

	Price	Change	52 week	52 week
	y/day	on week	High	Low
FTSE 100 Index	4383.5	+56.2	4444.3	3612.6
Asiatic (Asia)	108	-32%	220%	96%
Bank of Scotland	352%	+27	373%	227%
Barclays	1088%	+78%	122%	728%
Bentalls	140	+12%	143%	96
DPS Furniture	562%	+32	896	381
Flying Flowers	317%	+32%	328%	133
Hays	561	+42	578%	372%
Molins	662%	+24%	103%	568
Rackitt & Colman	837%	+37	849	890
Schroders NV	136%	+47%	1677%	853
SmithKline Beecham	944%	+40%	960%	645%
TI Group	626%	-29	584%	458
Unilever	1823%	+45	1857%	1192
Vickers	207	-21%	300%	190%

Barry Riley

Pitfalls from windfalls

The influx of new wealth will prove ill-timed



This year's wave of demutualisation windfalls brings echoes of the late 1980s' privatisations which helped to fuel the last consumer boom and encapsulate the get-rich-quick philosophy of Thatcherite "popular capitalism" at its peak. Alliance & Leicester's listing this week provided a familiar spectacle of small investors cashing in unexpectedly big gains while the big investment institutions were scrambling to gain exposure amid takeover speculation.

But, although there are some parallels with the larger privatisation giveaways, the 1997 windfalls are much bigger. Judging by the unexpectedly high A & L share price, the four building society listings will be worth more than £20bn. Adding Norwich Union, and the cash being paid in the takeovers of Bristol & West and Scottish Amicable, gives a possible grand total of £23bn.

The government has shown little reaction to the windfall bonanza although it is equivalent in economic terms to stuffing £1,000 through every letterbox in the country. Naturally, it is seen by the Conservative party mainly as a source of voter contentment – although frustratingly for the Tories, the vast bulk of the hand-outs will be received after the election. Certainly, the taxable potential has been ignored. Indeed, the windfalls will bring the Treasury no direct revenue at all because

they do not count as income and, in most cases, will fall well within the personal capital gains tax allowance of £8,500. If CGT is a problem, the shares can be washed through a personal equity plan, at which point they will be valued for tax purposes at cost – which is nil.

Arguably, in fact, that is precisely what they are worth if you do the accounting properly. After all, windfalls in my

garden are usually bruised, maggoty, and liable to go rotten. I would much prefer that they stayed on the tree and ripened properly. But, if they fall over my neighbour's fence, he might indeed view them as a free gift.

Demutualisation windfalls are, similarly, a kind of borrowing from the future harvest. The £25bn is being paid by stock market investors and corporate purchasers for a stream of future dividends and profits. Such payments will be financed by worsening the terms under which financial services are sold to future customers. But those who get today's windfalls may not be the same people who pay the price tomorrow.

Many windfallers will retain the shares, at least for a while. Their dividends will compensate them for the wider margins of the financial institutions.

Economists, however, are puzzling over the likely rate of disposal. They had been expecting a fairly slow pace, on the precedent of Abbey National back in 1989, but the 27 per cent instant sell-out ratio at A & L was surprisingly high.

Perhaps the £1,000-plus bait (£1,500, as it turned out) was much more tempting than the £140 morsel offered by Abbey National. Perhaps, too, A & L's

controversial flat rate hand-out, being more generous to poorer members, will be sold more readily than the graduated windfalls at, for instance, Halifax, where wealthier savers will get more.

Whatever happens, the influx of new wealth will prove ill-timed, coming when the consumer economy already is heating up. Retail sales recently have been rising at 4 per cent year-on-year. If just a fifth of the windfall bonanza, or £5bn, is spent, it would represent another 1 per cent of annual consumer spending. It might well not be spent in the ordinary shops, however. More likely, the average £1,500 windfalls will be devoted to special, lumpy items such as holidays or home improvements.

All the same, we have not seen a consumer upturn like this since the late 1980s.

Fortunately, the personal sector saving ratio remains historically high, at 12 per cent, and there is no sign of the home equity withdrawal (people taking out bigger mortgages on their property) that fanned the flames of the last inflationary boom.

But the house market is bursting back to life, and there is a danger that things could start to get out of hand later this year. The windfalls could accelerate interest rate rises. So much for the economic risks, but what about the personal interests of windfallers? Should they indeed take the cash and run?

For the time being, the share prices of banks are subject to a squeeze as the big institutional investors seek to build their holdings. They will, inevitably, remain short of their target holdings in such as Halifax and Woolwich. But, by the time the final flotation of the present series takes place – Northern Rock's in October – retail banks will represent 15 per cent of the UK stock market.

That is an indication of how lopsided the economy has become. Battered industrials are fading from the blue-chip lists, as ICI reminded us this week when reporting first-quarter profits down by two-thirds. In due course, though, the pendulum will swing back, perhaps encouraged by a Labour government. Don't rush to sell, but the bull market in retail banking stocks is unsustainable for long. Remember, windfalls don't keep.

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Offshore managed funds and UK managed funds are listed in Section One

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT

Amsterdam Arena Tel: 31-20-3111333
 ● Luciano Pavarotti: performance by the tenor accompanied by Il Novecento, conducted by Leone Magiera. The programme includes works by Verdi, Puccini, Mascagni and Leoncavallo; Apr 30
 Concertgebouw Tel: 31-20-6718345
 ● Andras Schiff: the pianist performs works by Schubert; May 2

OPERA

Het Muziektheater Tel: 31-20-5519117
 ● Il Re Pastore: by Mozart. Conducted by Graeme Jenkins, performed by De Nederlandse Opera; Apr 30; May 2

EXHIBITION

Ven Gogh Museum Tel: 31-20-5705200
 ● Vienna 1900: Portrait and interior: exhibition featuring paintings and applied art from Vienna, spanning the years 1870-1919. Highlights include works by members of the Wiener Secession movement, and portraits by the Expressionist artists Egon Schiele and Oskar Kokoschka. The display also examines the work of the design institute Wiener Werkstätte, featuring furniture by Josef Hoffmann, silver objects by Kolo Moser and designs for the Viennese Art Nouveau magazine "Ver Sacrum"; to Jun 15

BARCELONA

EXHIBITION

Museu Picasso Tel: 34-3-3196310
 ● André Derain 1904-1912: display of 60 works by the French artist, concentrating on the years 1904-1912, when Derain established a lasting friendship with Picasso, the two artists becoming major influences on each others' work; to Jun 29
 Fundació la Caixa Tel: 34-3-4588907
 ● Sophie Calle: display of work by the photographer who uses aspects of surveillance and voyeurism in her work; to Apr 27
 Fundació Joan Miró Tel: 34-3-3291909
 ● Peter Greenaway: Flying over water. The Icarus Adventure: Installation in 30 parts examining the Icarus legend from a variety of perspectives; to 25 May

BERLIN

CONCERT

Konzerthaus Berlin Tel: 49-30-203090
 ● Berliner Sinfonie-Orchester, with conductor Roland Küttig and pianist Gerhard Oppitz: In works by Holger, Schumann and Stravinsky; May 2
 Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
 ● Deutsches Symphonie-Orchester Berlin: with conductor Vladimir Ashkenazy, violinist Christian Tetzlaff, soprano Sibylla Rubens and the RIAS-Kammerchor in works by Ruzicka and Mahler; Apr 30

OPERA

Deutsche Oper Berlin Tel: 49-30-3438401
 ● Tosca: by Puccini. Conducted by Stefan Soltesz; May 2

POP MUSIC

Deutschlandhalle Berlin Tel: 49-30-30380
 ● The Who; Apr 29
 Tempodrom Tel: 49-30-394-4045
 ● Johnny Cash; Apr 28, 29

EXHIBITION

Alte Nationalgalerie Tel: 49-30-209050
 ● Adolph Menzel (1915-1905): Between Romanticism and Impressionism: retrospective exhibition featuring 130 paintings, drawings, pastels and watercolours by Menzel, one of the leading German artists in the second half of the 19th century; to May 19

BIRMINGHAM

CONCERT

Symphony Hall Tel: 44-121-2002000
 ● City of Birmingham Symphony Orchestra: with conductor Sir Simon Rattle, soprano Joan Rodgers, contralto Catherine Robbin, tenor Ian Bostridge and the City of Birmingham Symphony Chorus, in works by Darius, Schumann and Britten; May 1

BOLOGNA

CONCERT

Teatro Comunale di Bologna Tel: 39-51-529901
 ● Orchestra della Toscana: with conductor Adam Fischer and violinist Vadim Repin in works by Brahms and Beethoven; Apr 28

BONN

OPERA

Oper der Stadt Bonn Tel: 49-228-7281
 ● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn; May 3

BRUSSELS

CONCERT

Palais des Beaux-Arts Tel: 32-2-5078200
 ● Orchestre National de Belgique: with conductor Yuri Simonov and pianist Mikhail Petukhov in works by Stravinsky, Balakirev and Rachmaninov; May 2
 Théâtre Royal de la Monnaie Tel: 32-2-2291200
 ● Sergey Leiferkus: performance by the baritone accompanied by the pianist Semyon Skopin. The programme includes works by Rachmaninov and Tchaikovsky; May 3



Vladimir Bogachov and Kallen Esperian sing the roles of Otello and Desdemona in the Royal Opera House's production of Verdi's opera, now showing in London

EXHIBITION
 Musée royal des Beaux-Arts de Belgique - Musée d'Art Ancien Tel: 32-2-5083211
 ● Paul Delvaux: thematically organized retrospective devoted to the work of the Belgian artist featuring approximately 120 paintings and 130 works on paper from international collections. Also on display are a number of letters, photographs, souvenirs and other documents, including 21 of Delvaux's sketch books; to Jul 27

CAMBRIDGE

EXHIBITION

Fitzwilliam Museum Tel: 44-1223-332900
 ● Shakespeare and the Eighteenth Century: exhibition examining the interpretation of Shakespeare by visual artists in the 18th century. On display are drawings and prints by artists including Romney, Blake and Barry alongside portraits of actors, authors and composers associated with the playwright's work; from Apr 22 to Jun 29

CHICAGO

EXHIBITION

Art Institute of Chicago Tel: 1-312-4433600
 ● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever mounted, this exhibition features over 200 objects, including architectural drawings, room settings, furniture, decorative arts, models, watercolours and reconstructions of interiors; to Jun 22
 ● Michelangelo and His Influence: Drawings from Windsor Castle: exhibition examining examples of Michelangelo's draftsmanship with the aim of demonstrating the impact of the artist on the imagination, technique, style and imagery of his contemporaries and successors. 18 sheets with 23 drawings by Michelangelo and fifty drawings and five engravings by other masters have been selected from the collection at Windsor Castle; to Jun 22

COLOGNE

EXHIBITION

Museum Ludwig Tel: 49-221-2212379
 ● Jasper Johns: retrospective exhibition devoted to the work of the American artist spanning four decades of artistic achievement, from his early paintings of flags and targets to recent, densely layered canvases. Drawn from public and private collections, the exhibition comprises around 200 works; to Jun 1

COPENHAGEN

OPERA

Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
 ● Arabella: by R. Strauss. Conducted by Dietrich Bernet, performed by the Royal Danish Opera; Apr 28; May 2

EDINBURGH

CONCERT

The Queen's Hall Tel: 44-131-6653456
 ● Scottish Chamber Orchestra: with conductor Mark Wigglesworth and cellist Steven Isserlis performs works by Prokofiev, Shostakovich and Beethoven; May 3

EXHIBITION
 Scottish National Gallery of Modern Art Tel: 44-131-5588921
 ● Picasso: Works from the Collection and Works on Loan: Included are a rare early collage work and a number of books containing watercolour sketches; from Apr 28 to Nov 9

FLORENCE

OPERA

Teatro Comunale Tel: 39-55-211158

● Parsifal: by Wagner. Conducted by Semyon Bychkov, performed by the Orchestra e Coro del Maggio Musicale Fiorentino. Part of the 60th Maggio Musicale Fiorentino 1997; May 3

FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400
 ● Juliette Gréco: performance by the French torch singer; Apr 30

OPERA
 Städtische Bühnen Oper, Ballett, Schauspiel Tel: 49-69-21237444
 ● Fidelio: by Beethoven. Conducted by Sylvain Cambreling, performed by the Oper Frankfurt. Soloists include Henk Smit, Patrick Rafferty and Kristine Ciesinski; Apr 28

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3283573
 ● Orchestre de la Suisse Romande: with conductor Günther Herbig and pianist Radu Lupu performs works by Mozart and Beethoven; Apr 29, 30

GLASGOW

EXHIBITION

The Burrell Collection Tel: 44-141-3311854
 ● Europe in India - Moghul Paintings and their European Prototypes: exhibition on loan from the British Museum featuring a number of Indian paintings influenced by European prototypes, primarily of the Moghul school of the 15th-18th centuries; from May 1 to Aug 31

LISBON

CONCERT

Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131
 ● Finnish Symphony Radio Orchestra: with conductor Jukka-Pekka Saraste and clarinetist Karl Krikku in works by Hämeenlahti, Tiensuu and Lindberg; May 3

LONDON

AUCTION

Sotheby's, Parke Bernet & Co. Tel: 44-171-433080
 ● Important Avant-garde Photographs of the 1920s and 1930s. The Collection of Hélène Anderson: sale featuring over 250 photographs, including an original Rayogram by Man Ray and works by Max Burchartz, Andreas Feininger and Edward Weston; May 2

CONCERT

Wigmore Hall Tel: 44-171-9352141
 ● Alexander Markov: the violinist performs works by Paganini; May 2

EXHIBITION

Royal Academy of Arts Tel: 44-171-4397438
 ● The Berlin of George Grosz: the first exhibition in Britain since 1966 to feature the graphic work of the German satirist. His work describes life in Germany from the end of the First World War through economic and political crises to the rise of Fascism; to Jun 8
 National Gallery Tel: 44-171-7472885
 ● London's Monets: exhibition gathering together Monets in London's public and private collections and featuring 25 works by the artist, spanning his entire career, from "La Pointe de la Hève, Sainte-Adresse" (1864), to the series of large "Water Lilies" painted after 1916; to May 5

OPERA
 Royal Opera House - Covent Garden Tel: 44-171-2129234
 ● L'Elisir d'Amore: by Donizetti. Conducted by Evelino Pidò, performed by the Royal Opera. Soloists include Angela Gheorghiu, Deborah York and José Bros; Apr 26
 ● Otello: by Verdi. Conducted by Myung Whun Chung. Soloists include

Kallen Esperian, Leah-Marten Jones, Vladimir Bogachov and Robin Leggate; Apr 29; May 2

JAZZ

Ronnie Scott's Tel: 44-171-4390747
 ● Monty Alexander Trio: performance by the jazz pianist; from Apr 29 to May 10

LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000
 ● Exiles and Emigrés: 1933-1945: exhibition focusing on the work of 23 painters, sculptors, photographers and architects in exile during the years of Nazi rule. Includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; to May 11

MADRID

CONCERT

Auditorio Nacional de Música Tel: 34-1-3370100
 ● V Liceo de Camaraz: with violinist David Garret and pianist Bruno Canino in works by Mozart, Brahms and Beethoven; Apr 29

EXHIBITION

Museo Nacional Centro de Arte Reina Sofía Tel: 34-1-4675062
 ● Eugenio D'Ors Critico de Arte: display tracing the development of Spanish art throughout this century, and the career of Spanish art critic D'Ors. On display are works by artists including Torres García, Picasso, Dalí, Miró and Saura; from Apr 29 to Sep 15
 ● Robert Motherwell: exhibition featuring 80 works selected from American and European collections and including large paintings on canvas, collages and drawings; to May 5

MARTIGNY

EXHIBITION

Fondation Pierre Gianadda Tel: 41-27-7223978
 ● Raoul Dufy: exhibition featuring a selection of works from fifteen series of paintings by the French artist Raoul Dufy. The works on display come from European and American museums and private collections, including the Centre Georges Pompidou in Paris, the Metropolitan Museum in New York and the Phillips Collection in Washington; to Jun 1

MONTE CARLO

DANCE

Salle Garnier Tel: 33-93 15 83 03
 ● Printemps des Arts de Monte-Carlo: this year's festival includes performances by the Nederlands Dans Theater 1, Les Arts Florissants, the London Philharmonic Orchestra and the Freiburger Barockorchester with guest soloist Barbara Bonney; to May 5

MUNICH

EXHIBITION

Haus der Kunst Tel: 49-89-211270
 ● Michael Wübel und der russische Jugendstil: the first display of work by this key figure in Russian Symbolism to be held in the West features more than 30 oil paintings, 150 works on paper, 20 ceramics and a group of sculptures; from May 1 to Jul 30
 Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412
 ● Alberto Giacometti: display of works by the Swiss sculptor, with over 60 pieces selected from the Fondation Maeght in St. Paul-de-Vence; to Jun 29

OPERA
 Cuvillies-Theater - Altes Residenztheater Tel: 49-89-296836
 ● Il Trovatore: by Verdi. Concert performance conducted by Bertrand de Billy and performed by the Bayerische Staatsoper. Soloists include Julia

Varady and Paolo Gavanelli; from May 3 to May 9

NEW YORK

CONCERT

Avery Fisher Hall Tel: 1-212-875-5030
 ● Hanover Band: with conductor Nicholas McGegan and contralto Natalie Stutzmann in works by Schubert, Mozart and Beethoven; Apr 27

EXHIBITION

Museum of the City of New York Tel: 1-212-534-1672
 ● Of These We Sing: George & Ira Gershwin Centennial: commemorating the joint centennial of the Gershwin brothers, this exhibition features an assortment of their original art work, including oil paintings and sketches; a sampling of Gershwin caricatures by Auerbach-Levy, Fruhauf and Rosenberg; personal items, such as George's robe and Ira's cigarette boxes; and sheet music and memorabilia from the shows that they created together; from Apr 30 to Jun 4
 The Metropolitan Museum of Art Tel: 1-212-8795500
 ● Giambattista Tiepolo: a monographic exhibition of about 70 paintings by the 18th century Venetian painter. The exhibition, celebrating the 300th anniversary of the artist's birth, covers the full extent of Tiepolo's career with an emphasis on his large-scale canvases; ends tomorrow
 ● The Glory of Byzantium: len'rk exhibition celebrating the Second Golden Age of Byzantine civilization from mid-8th to mid-13th centuries. Beginning with the end of the iconoclastic controversies, the exhibition explores both religious and secular aspects of Byzantine culture and considers the interaction of the empire with its Christian neighbours. The exhibition features more than 350 works of art including mosaics, frescoes, ivories, enamels, silks and icons, and includes works owned by Orthodox monasteries and never before loaned abroad; to Jul 6
 Whitney Museum of American Art Tel: 1-212-570-3600
 ● The 1997 Biennial Exhibition: the Whitney's signature exhibition focuses on the most important developments in recent American art; to Jun 22

OPERA

Metropolitan Opera House Tel: 1-212-3826000
 ● Madame Butterfly: by Puccini. Conducted by John Fiore, performed by the Metropolitan Opera. Soloists include Michele Crider, Franco Farina and Frederick Burchinal; Apr 29

THEATRE

Lunt-Fontanne Theatre Tel: 1-212-575-9200
 ● Titanic: by Peter Stone, music by Maury Yeston. Directed by Richard Jones. The cast includes Adam Alex-Malle, Becky Ann Baker, Melissa Bell and Matthew Bennett; to Dec 31

PARIS

CONCERT

Théâtre des Champs-Élysées Tel: 33-1-49525050
 ● Orchestre de Chambre de Cologne: with conductor Helmut Müller-Brühl, soprano Elisabeth Magnusson and clarinetist Paul Meyer, performs works by Mozart; Apr 29

EXHIBITION

Galerie Nationales du Grand Palais Tel: 33-1-44131717
 ● Angkor et Dix Siècles d'Art Khmer: exhibition displaying 113 examples of Cambodian art, including a number of stone, bronze and wooden sculptures. The exhibition draws mainly on the collections of the National Museum of Phnom-Penh and the National Museum of Asian Art in Guelmet; to May 26
 ● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between

Belgium and France from 1848 to 1914. Attention is paid to both visual and decorative arts, architecture, literature and music, ranging in styles from Realism and Impressionism to Symbolism and Art Nouveau; to Jul 14

OPERA

L'Opéra de Paris Bastille Tel: 33-1-44731389
 ● Nabucco: by Verdi. Conducted by Maurizio Benini, performed by the Orchestre et Chœurs de l'Opéra National de Paris. Soloists include Sergei Leiferkus, Daniel Galvez-Vallejo, Ferruccio Furlanetto and Violeta Urmana; Apr 29
 Théâtre National de l'Opéra - Opéra Garnier Tel: 33-1-42885022
 ● La Clemenza di Tito: by Mozart. Conducted by Armin Jordan, performed by the Orchestre et Chœurs de l'Opéra National de Paris. Soloists include Rainer Trost, Cynthia Lawrence and Christiane Schäfer; Apr 30; May 3

ROME

OPERA

Teatro dell'Opera di Roma Tel: 39-6-481801
 ● Der Fliegende Holländer: by Wagner. Conducted by Philippa Jordan, performed by the Opera di Roma. Soloists include Susan Anthony, José van Dam and James O'Neill; May 2

SINGAPORE

ART & ANTIQUE FAIR

Singapore International Convention and Exhibition Centre
 ● Treasures 1997: the fifth Treasures fair features representatives from a number of international fine art and antique dealers, including the Galerie Tamenaga of Tokyo, Marlborough Fine Art, London and Galerie Odon Wagner of Canada; from Apr 24 to Apr 29

STOCKHOLM

DANCE

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
 ● Mayerling: choreographed by Kenneth MacMillan to music by Liszt performed by the Royal Swedish Ballet (premiere); Apr 30; May 1

EXHIBITION

Nationalmuseum Tel: 46-8-6864250
 ● Ferdinand Boberg: exhibition of work by one of Sweden's leading architects, centering on two rooms he created, Oscar II's salon and the Boberg Room. Also on display are items of furniture, textiles, ceramics and other applied art objects; from May 1 to Sep 1

THESSALONIKI

EXHIBITION

Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6
 ● Caravaggio: exhibition of works by Michelangelo Merisi da Caravaggio (1573-1610), shown alongside a number of works by his followers, known as the "Caravaggeschi": Bartolomeo Manfredi, Orazio Gentileschi, Carlo Saraceni, Orazio Borgianni and Battistello Caracciolo; to Jun 15

TOKYO

CONCERT

Sumitomo Hall Tel: 91-3-35849699
 ● Yomiuri Nippon Symphony Orchestra: with conductor Nello Santi, soprano Adriana Marfisi and tenor Reinaldo Macias in works by Verdi; Apr 28

TORONTO

EXHIBITION

Art Gallery of Ontario Tel: 416-978-6646
 ● Whistler and His Circle: Etchings and Lithographs from the Collection of the Art Gallery of Ontario: exhibition featuring 45 prints by James McNeill Whistler (1834-1903) and 25 by the circle of artists surrounding him, including Walter Richard Sickert, Joseph Pennell and Clarence Gagnon. The works on display come from the Gallery's permanent collection; to Jul 6

VERONA

EXHIBITION

Museo di Castelvecchio Tel: 39-45-594734
 ● India: Antiche Miniature e Dipinti: the first ever public display of 90 Indian miniatures dating from the 16th-19th centuries, drawn from the personal collection of Sir Howard Hodgkin; from Apr 30 to Aug 3

VIENNA

EXHIBITION

Kunsthistorisches Museum Tel: 43-1-52524
 ● Vittoria Colonna - Michelangelo's Muse: exhibition tracing the life and times of the Renaissance poet who included in her circle the poets Castiglione and Glorvo, theologians Contarini and Flaminio and the artists Bronzino and Moroni. Michelangelo was another famous admirer, dedicating a number of drawings, sonnets and letters to her; to May 25

ZURICH

OPERA

Opernhaus Zürich Tel: 41-1-268 6666
 ● Die Lustige Witwe: by Lehár. Conducted by Franz Welser-Möst, performed by the Oper Zürich. Soloists include Malin Hartelius, Liliana Nicitaranu and Rodney Giffy; Apr 30

CONCERT
 Tonhalle Tel: 41-1-2063434
 ● NHK Orchester Tokyo: with conductor Charles Dutoit and violinist Kyoko Takesawa in works by Wagner, Mendelssohn and Prokofiev; Apr 27

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ET WEEKEND

True Fiction

Give us something to believe in

James Morgan looks at the range of off-the-peg designer faiths now available

Many of you may have felt that you too would like to have your own universal ideology, or to create a global religion. Nothing much has been done in this line on a serious scale since Karl Marx had a try more than a century ago. His achievements today receive mixed reviews.

Giving people something to believe in, something new and in keeping with the spirit of the times, is one of the great end-of-millennium challenges. Few have tried to fill the gap since about 40 years ago when the English essayist, Paul Jennings, revealed the truths of Resistentialism.

Resistentialism provided a lamp to guide many of us through the anfractuities of early puberty and beyond. The philosophy was actually invented in France with the phrase *les choses sont contre nous* (things are against us). It pro-

vided the first systematic test of the marmalade-and-toast hypothesis, that the marmalade-side would land on the carpet when the toast fell from the breakfast plate. Resistentialism added the further, critical, element that the likelihood of the toast landing this way increased with the cost of the carpet.

That has now all been subsumed in Murphy's law and other secular vulgarisations of the original resistentialist creed. Resistentialism postulated a fundamental, rather than an accidental, opposition between man and the inanimistic kingdom. So

it came to be an inspiration to all those who were making their first tentative attempts to ride a British motorcycle.

I was, therefore, glad to see the original set of resistential beliefs on the list of available intellectual systems when I visited the head offices of Credol Inc in La Jolla, California, last week.

Its employees self-deprecatingly call it "Faiths 'R' Us" but it has a very serious intent, as could be seen in its original slogan "Myths for Modern Man and his Mate". The present CEO, Agnes Day, told me that when she took over five years ago that

was her first major change. "We put sex in and took sexism out of religion," she said, revealing her latest campaign slogans - "God is not a boy's name" and "Slip into your dreams". The company was originally established as a provider of tailor-made faiths for the wealthy who found certain aspects of modern religious practice unattractive. But it was Ms Day who realised the potential of the *foi a porter*, ready-to-wear faith. "We have a number of lines which can be easily adapted to the mass-market," she told me.

A huge early success was that

which postulated the unbridgeable gulf between God and man and therefore demanded that a true believer behave in such a manner that he or she could not in any way be confused with God, the supreme being or whatever. To attempt to live a life of upright morality and dedication, according to this particular view, represented the sin of pride writ exceptionally large.

The basis of the creed was that belief itself dispensed one from adherence to the moral law. The cult spread from being the secret of a few adult film makers around Los Angeles into what Time magazine called "The

brushfire belief that bags the baby-boomers".

But in spite of one senatorial candidate running on a platform which explicitly stated "Give me that new-time religion", it was suddenly exposed as being of ancient origin, and therefore no use in the US. This supposedly modern creed was in fact nothing more than a rebirth of anti-nomianism, which had been condemned by the Church as a heresy in the 15th century.

"We learnt a lot from that experience," said Ms Day, explaining that it had been "put on the program" by an defrocked Jesuit in whom she

had had a complete trust. "I should have known better," she laughed. In fact, Day saved the situation: anti-nomianism's potential to export markets was quickly recognised and it sold well in Latin Europe, Malaga, St Tropez and Naples are today major centres.

Today Credol Inc has its own mission statement - "To provide each individual with the opportunity to find his or her own redemption, salvation or fulfilment, in a creed or belief system that leads to appropriately chosen life-and-death goals."

There are some who sneeringly talk of "designer faith" but Agnes Day, running her long, finely manicured, fingers through her hair replies: "The world will be a better place when every man is a prophet in his own country. And woman, too, in hers."

James Morgan is economics correspondent of the BBC World Service.

Metropolis

A theatre in which only the performers are made to pay

Christian Tyler joins the audience for a daily drama acted out by a cosmopolitan cast in central London

There are two playhouses on Bow Street in central London, and their neo-classical facades stare at each other across the narrow thoroughfare. At both venues the drama is played according to time-honoured conventions; and in both you will find people dressed up for the occasion. The difference is that on one side the rich are paying £50 or more to get in; on the other, the poor are paying similar sums to get out.

So it seemed, one recent Monday morning, that the man in the long white robe emblazoned with a scarlet dragon had walked into the wrong building. He should have been across the road in the Royal Opera House growing in the chorus line of a Wagnerian *stingspiel*, not sitting silently in the dock of Bow Street magistrates' court.

It was no mistake. For hushy-

solicitors as well as defendants - is nothing if not catholic. It embraces all the accents, colours and creeds that go into making London the most cosmopolitan capital in Europe. Even the officer at the courthouse door looked as though he had escaped from an American TV series: he wore dark shades and gold jewellery and spoke in a harsh Texas accent.

As if to underline its polyglot status, Bow Street is where extradition cases are heard. That Monday morning bill included a balding Scandinavian with a blond mustache who was wanted in Sweden, and a confident-looking young Asian with an English name wanted in Finland.

From his perch beneath the royal coat of arms ("Dieu et mon droit") the stipendiary magistrate, Nicholas Evans, peered down over half-glasses at the motley procession like the firm-but-fair headmaster of an unruly school. Next to appear before the beak was a middle-aged computer expert whose every gesture and glance spoke contrition. He pleaded guilty to five charges of hacking into his employer's computer network. According to the smart young black solicitor, he did it after the company replaced him with a junior. The magistrate asked for a probation report before sentencing.

There followed a handsome, curly-headed man who gripped the rail of the dock to stop his hands shaking. He admitted taking a musical box worth £28 from a stall in Covent Garden. A young woman solicitor with an

auburn ponytail described the prisoner as an alcoholic who had been living rough on sickness benefit of £68 a week since his mother - also an alcoholic - died 14 years ago. The magistrate looked unmoved. "Your record speaks volumes," he said, noting 34 previous convictions, and sentenced the fellow to 28 days in jail. The prisoner rushed angrily from the courtroom under guard.

Next was a trio who could easily have been cast as a hit squad by Hollywood. The case was mundane, however, and they were committed for trial on charges of conspiracy to defraud a company in north London.

Then a young Sikh, his black turban almost covering his eyes, took the witness stand to negoti-

ate more time to pay a fine. An articulate blond youth from Sussex was hailed after pleading guilty to smashing a window after a night's clubbing in the metropolis; so was a youth from Derbyshire who had come down for the Trafalgar Square demonstration and had been arrested for throwing a can of drink at a policeman.

The next man also pleaded alcohol in his defence on a charge of having stolen two bottles of spirits from a Tesco supermarket. The magistrate asked: "Is that a Brixton tan or a Mediterranean tan?" The man in the dock looked nonplussed.

A woman solicitor rose. "Sir, I am assured that he is of mixed race, which gives him some

advantage in the tanning stakes. He sits in the sun in Brixton."

As if to make amends, the stipendiary let the man off with a conditional discharge and £40 costs, so that he could take up a promised £128-a-week job as a kitchen porter.

Lunchtime arrived. The cast of Court One - leading players and extras alike - adjourned to the pizza parlour opposite. Outside, all the races of the earth mingled in the sunshine. A group of drunks, three men and a woman, sat round a litter bin knocking back cans of lager. Court reporters ate their sandwiches at the feet of a bronze ballerina.

Court One resembled, Pendergast the druid, who had been outside briefing the reporters for

much of the morning, was still not satisfied. His solicitor reappeared to ask the magistrate to lift reporting restrictions - a request which caused some puzzlement since there seemed to be not much to report. "Is he wishing publicity?" the stipendiary asked innocently. "There's nothing to stop him giving a press conference outside."

A Moslem minicab driver was fined £50 for crossing a red light. Then a police constable read in level tones from his notebook a stream of unprintable abuse which he said had been heaped on him by a beggar in Soho. No one batted an eyelid. Court One bears such language every day.

The rest of the afternoon was taken up with the trial of a man

accused of headbutting a girl after a Thames riverboat party on New Year's Eve. The girl appeared, tall and striking in a black suit, to tell her story in a few breathy words, followed by the policeman who made the arrest. The defendant denied it: five of his friends and family members called by the energetic young barrister backed him up. To no avail. "I find the charge proved," declared the magistrate, adjourning the case for sentencing.

Once more, alcohol was the unseen culprit. This illustrates another difference between the two theatres of Bow Street. The opera means a drink in the interval. The court is an interval between drinks.



Arcadia

Fanfare for a common walking man

Philip Coggan finds hope, and not a little pride, on Britain's incomparable footpaths

Death was just a wobble away. The path had appeared to lead down to the beach but the last 12ft covered jagged rocks - a dangerous scramble when carrying a 25lb rucksack.

The answer seemed simple. Remove the rucksack and lower it down. But, in the act of unloading it, the hip-belt became stuck, leaving me worryingly unbalanced and at risk of impalement. It was then I realised my life-and-death struggle was taking place 10 yards from a pack of naturists. Being a career journalist, only one thought leapt into my mind. The headline that would greet my death: "FT Hack in Nudist Beach Carnage".

That naturists were on a British beach in early spring should not have been a surprise. The British retain the touching belief that their climate is Mediterranean. Despite all evidence to the contrary, and remove their clothes at the slightest opportunity. They also relish the chance to be near the sea, staring at it for ages, like a cat watching the bath water go down the plughole.

The national temperament also reveals itself in a determination to enjoy life, whatever the conditions. Middle-aged couples huddle

together in car parks, passing flasks between them and sitting in silence, decades of marriage having, presumably, exhausted all topics of conversation.

Beaches are littered with windbreaks, with families closeted together for shelter. Like early Empire builders, they have staked out and occupied their territory and thrown up their ramparts of sand.

Traversing the coastal path of south-west England, as I did in 31 days and nights of walking in the wilderness, one sees all types of habitat, human and natural. The route suffers from the depredations of sea erosion and private landowners. From Lulworth Cove to Kimmeridge, in Dorset, are some of the most magnificent scenery and roughest walking conditions one could wish for. The route also goes straight through an artillery range - and is replete with notices stating that the land off the path is ripe

with unexploded shells.

In the middle is the abandoned village of Tynemouth, taken over by the army in 1943. The inhabitants were moved with the promise they could return after the war: this was not honoured.

The battle between the rights of the walker and those of the landowner is fought all along the coast. The official path approaching Port Rinkle, in Cornwall, may appear to go through sheep pasture but the local farmer has decided to install electric fencing, requiring commando tactics on the part of the hiker. On some sections, because of obstructive landowners, there is no option but to take to the main road. There, walkers must negotiate bends knowing that a delivery van might be coming round the corner at 50mph.

But by and large, there can be few places in the world where public footpaths are so well established as in Britain, where

common law seems to have stood up for the rights of the common man to wander where he will. It was a surprise, however, to see how the common dog had become disenfranchised. Most beaches banned dogs between Easter and October, a draconian

I could see the headlines: 'FT Hack In Nudist Beach Carnage'

restriction of Rover's rights, considering the canine love of water. The problem is the dog's willingness to treat the world as a public convenience. Behind the net curtains, passions evidently get inflamed on the subject of

Fido's faeces. Outside Swanage, I passed one house with a placard: "People who allow their dogs to foul pavements and gardens are anti-social, unhygienic and inconsiderate." The next house had a defiant "Beware of the dog" sign. Dog walkers must be the most frequent users of the South-West Way, the coastal path which winds its way from Minehead, in Somerset, to Poole, in Dorset. Indeed, one man actually walked the whole route with a borrowed pooch and wrote a book about it: *500-mile Walkies*.

For vast stretches, however, you can find yourself cut off from humanity. This has its advantages in terms of peace and scenery but has its limitations when you realise, slogging your way up another 500ft hill, that you are still two hours from any chance of refreshment. You need to be a pretty fit to attempt some sections but the views, stretching for miles of cliff-top in either

direction, are worth the effort.

There is also an amazing difference between off-season and holiday-days, between weekdays and weekends. At Easter, seaside towns spring into life, like the court in Sleeping Beauty after the arrival of the Prince. Restaurants and hotels, as deserted as an Apathectic Convention the week before, become packed.

Out of season, the only places of business that appear to be open in many towns are amusement arcades, designed to keep local youth off the streets and out of cash. They cannot wait to escape the quiet boroughs which, 30 years later, they will seek out in search of the very peace and quiet that made them desert.

This is an England far removed from London's bond dealers and cappuccino bars. Wages are low - £3.50 an hour seems standard - for the young, while the elderly eke out pensions by offering bed and breakfasts. There cannot be

much profit in letting out a room for an occasional £15-£20 a night, especially with the full English fry-up. It is a bizarre act - to invite a stranger into your home on only a nodding acquaintance.

When I was a child, most threw you out at 9.30am and refused to let you return until 5.30pm. "These days, rooms have show-ers, colour TVs, tea and coffee-making facilities, the lot. Many owners are friendly to the point of saintliness - Mr and Mrs Curtis, of Clovelly, gave me a cup of tea and cake on arrival, washed my clothes, ferried me to the pub in the evening, and even sent me off with a packed lunch."

It is tempting to despair of Britain, of public squalor, crime, road-rage and corrupt politicians. But when one can walk on private land for hundreds of miles and see magnificent scenery for free, when householders are willing to let you stay under their roofs, for a modest charge and without fear, it is possible to feel hope, and even a little pride.

Chess No 1477: 1... Rd7 2 Kd7 3... Nb6 4 Kd6 5 Bc6 6 Bb5 7 Bc6 8 Bb5 9 Bc6 10 Bb5 11 Bc6 12 Bb5 13 Bc6 14 Bb5 15 Bc6 16 Bb5 17 Bc6 18 Bb5 19 Bc6 20 Bb5 21 Bc6 22 Bb5 23 Bc6 24 Bb5 25 Bc6 26 Bb5 27 Bc6 28 Bb5 29 Bc6 30 Bb5 31 Bc6 32 Bb5 33 Bc6 34 Bb5 35 Bc6 36 Bb5 37 Bc6 38 Bb5 39 Bc6 40 Bb5 41 Bc6 42 Bb5 43 Bc6 44 Bb5 45 Bc6 46 Bb5 47 Bc6 48 Bb5 49 Bc6 50 Bb5 51 Bc6 52 Bb5 53 Bc6 54 Bb5 55 Bc6 56 Bb5 57 Bc6 58 Bb5 59 Bc6 60 Bb5 61 Bc6 62 Bb5 63 Bc6 64 Bb5 65 Bc6 66 Bb5 67 Bc6 68 Bb5 69 Bc6 70 Bb5 71 Bc6 72 Bb5 73 Bc6 74 Bb5 75 Bc6 76 Bb5 77 Bc6 78 Bb5 79 Bc6 80 Bb5 81 Bc6 82 Bb5 83 Bc6 84 Bb5 85 Bc6 86 Bb5 87 Bc6 88 Bb5 89 Bc6 90 Bb5 91 Bc6 92 Bb5 93 Bc6 94 Bb5 95 Bc6 96 Bb5 97 Bc6 98 Bb5 99 Bc6 100 Bb5 101 Bc6 102 Bb5 103 Bc6 104 Bb5 105 Bc6 106 Bb5 107 Bc6 108 Bb5 109 Bc6 110 Bb5 111 Bc6 112 Bb5 113 Bc6 114 Bb5 115 Bc6 116 Bb5 117 Bc6 118 Bb5 119 Bc6 120 Bb5 121 Bc6 122 Bb5 123 Bc6 124 Bb5 125 Bc6 126 Bb5 127 Bc6 128 Bb5 129 Bc6 130 Bb5 131 Bc6 132 Bb5 133 Bc6 134 Bb5 135 Bc6 136 Bb5 137 Bc6 138 Bb5 139 Bc6 140 Bb5 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WEEKEND INVESTOR

Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Andrew & Sons	Text	Dec	7,910 (4,670)	33.8 (19.2)	18.0 (8.8)
Ashley (Lam)	Text	Jan	16,200 (10,200)	4.28 (2.57)	1.0 (0.5)
Austin Reed	Text	Jan	8,770 (3,300)	14.2 (7.2)	6.5 (3.0)
BS	Text	Dec	1,420 (233)	18.12 (4)	5.8 (4.9)
Bank of Scotland	Bank	Feb	604,100 (545,000)	31.6 (25.8)	8.22 (8.83)
Barclays Bank	Bank	Jan	7,640 (5,070)	12.4 (6.1)	7.75 (6.68)
Bellway	Text	Feb	3,760 (1,200)	7.49 (1.74)	2.78 (2.22)
Bentley	Text	Dec	11,500 (9,250)	7.5 (6.8)	3.52 (2.8)
Bentley Motors	Text	Dec	181 (114)	1.35 (0.91)	0.81 (0.75)
Bentley Publishing	Text	Dec	1,200 (1,100)	9.47 (7.9)	3.3 (2.9)
Bentley Walker	Text	Dec	50,800 (41,300)	10.4 (8)	-
Bentley Resources	Text	Dec	354 (2)	- (0.015)	-
Bentley Trans	Text	Dec	685,400 (624,000)	-	-
Bentley Pacific	Text	Dec	182.5 (196.5)	2.1 (2.91)	1.85 (1.88)
Bentley Int	Text	Dec	1,300 (870)	1.39 (0.93)	0.5 (0.32)
Bentley Int	Text	Dec	16,100 (15,000)	4.01 (4.28)	2.45 (2.35)
Bentley Int	Text	Dec	5,000 (4,750)	14.43 (10.58)	1.802 (1.554)
Bentley Int	Text	Dec	3,400 (2,170)	0.25 (0.2)	-
Bentley Int	Text	Dec	370 (240)	-	-
Bentley Int	Text	Dec	65.25 (65.05)	2.42 (1)	1.8 (1)
Bentley Int	Text	Dec	128.5 (115.5)	7.05 (6.48)	6.4 (6.4)
Bentley Int	Text	Dec	814 (3,040)	0.41 (1)	1.3 (1.3)
Bentley Int	Text	Dec	1,800 (816)	6.14 (3.2)	2.92 (2.55)
Bentley Int	Text	Dec	11,800 (12,800)	9.04 (9.58)	2.88 (2.67)
Bentley Int	Text	Dec	3,550 (2,700)	-	-
Bentley Int	Text	Dec	11,200 (7,200)	18.26 (13.14)	5.1 (4)
Bentley Int	Text	Dec	155.3 (143.8)	-	-
Bentley Int	Text	Dec	4,400 (16,000)	17.51 (1)	1.36 (1.35)
Bentley Int	Text	Dec	1,700 (1,700)	2.29 (1.87)	0.78 (0.72)
Bentley Int	Text	Dec	5,400 (5,400)	17.5 (12.9)	6.8 (6)
Bentley Int	Text	Dec	1,200 (817)	0.47 (0.31)	0.15 (0.12)
Bentley Int	Text	Dec	2,770 (478)	0.44 (0.34)	-
Bentley Int	Text	Dec	587 (2,480)	0.8 (1)	-
Bentley Int	Text	Dec	17,000 (16,000)	35.5 (34.8)	12 (10.8)
Bentley Int	Text	Dec	12,300 (10,000)	15.3 (11.1)	2.8 (2)
Bentley Int	Text	Dec	238.4 (208.2)	6.82 (5.93)	5.15 (4.68)
Bentley Int	Text	Dec	182 (3,800)	0.3 (1)	-
Bentley Int	Text	Dec	17,400 (16,000)	20.8 (20.5)	8.8 (8.2)
Bentley Int	Text	Dec	3,050 (1,100)	5.96 (4.78)	4.72 (2.5)
Bentley Int	Text	Dec	700 (111)	2 (0.2)	-
Bentley Int	Text	Dec	16,500 (2,220)	20.3 (8.8)	5.5 (5.8)
Bentley Int	Text	Dec	88 (264)	-	-

Results due next week

Company	Sector	Annmt due	Last year interim	Final	This year interim
Chiroscience	Pharm	Monday	-	-	-
David Brown Grp	Eng	Wednesday	2.4	5.2	2.65
ES Group	Eng	Monday	3.5	9.6	3.6
Grampian Hldgs	Dvts	Wednesday	-	-	-
Grampian TV	Med	Monday	1.25	4.15	2.0
Oliver Ashworth Grp	Dist	Wednesday	-	-	-
Paramet	Offs	Tuesday	-	-	-
Ryan Holsie 1	Offs	Tuesday	0.005	0.01	0.0052
S & U	Offs	Monday	3.5	12.5	4.0
Sears	Offs	Tuesday	1.05	2.9	1.05
Stish	Text	Wednesday	1.0	2.85	1.0
West 175 Enterprises	AM	Monday	-	-	-
Advanced Power Components	EE	Tuesday	-	-	-
Air London Int	Tran	Tuesday	-	-	-
BAT	Tab	Wednesday	10.0	18.5	-
Pharmet Group	AM	Tuesday	-	-	-
Huntingdon Life Sciences	Pharm	Tuesday	-	-	-
Jersey Phoenix Tel	Int	Wednesday	1.5	1.8	-
Royal Dutch Petroleum	Offs	Thursday	4.3	5.25	-
Shell Transport	Offs	Thursday	14.4	22.5	-
Unilever	Dvts	Monday	2.0	2.0	-
Unilever	Pharm	Friday	10.25	21.75	-

*Dividends are shown net of tax and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. † Last quarterly. ‡ 2nd quarterly. § 3rd quarterly. ¶ Split dividend. † Irish Punt. ‡ Dutch Florin. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

New issues

Confrontation for BT

Cable & Wireless Communications will make its market debut this week with an expected valuation of around £4.5bn, writes Christopher Price. The group - formed from the merger of Mercury, the telecoms business of Cable and Wireless, and three cable companies: Nynex CableComms, Bell Cablemedia and Videotron - will be by far the biggest telecoms and entertainment company in the UK. It is also expected to be the most significant challenger to British Telecommunications' dominance of the domestic market. No new money is being raised in the float. C&W will hold 52 per cent of the shares while other group investors will have 33 per cent. The public will hold around 15 per cent. □ Royal Brompton, a Surrey-based software and computer services group specialising in financial trading systems, corporate call centres and customer help desks, is to seek a full market listing in the next few months. The flotation, sponsored by Hoare Govett, is likely to value the group - which last year changed its name from intercom Data Systems - at between £35m and £40m and to raise around £5m in new money. □ Dealings in Lady In Leisure Group, a national chain of women-only health and fitness clubs, began this week. The placing raised £1.7m, valuing the company at £4.6m.

Rights issues

Enterprise Int is to raise £33.2m via a 3-6 rights issue @ 190p.

Offers for sale, placings & introductions

Safelink is to raise £2m via a placing of 3.42m shares @ 117p. Shield Diagnostics is to raise £2.6m via a placing of 550,000 new shares @ 50p.

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)	Interim dividend per share (p)
Abneth High Income	Int	Mar	94.32 (76.63)	1.05 (1.6)
Anglo Irish Bank	Bank	Mar	13,700 (11,200)	1.58 (1.5)
Car's Milling	Food	Mar	1,700 (1,250)	3.0 (2.5)
Corall	Dvts	Mar	1,650 (1,110)	4.1 (2.6)
DPS Furniture	Eng	Jan	16,700 (15,100)	3.9 (3.1)
Dixie (James)	Eng	Feb	321 (391)	2.3 (2.2)
Enterprise Int	Pharm	Mar	6,160 (3,500)	2.5 (2.28)
Ferris	Text	Feb	625 (488)	1.2 (1.05)
Ferris	Text	Jan	1,250 (620)	0.7 (1)
Ferris	Text	Mar	142.9 (124.2)	-
Ferris	Text	Mar	70,000 (225,000)	-
Kwort Second 2006	Int	Mar	142.9 (124.2)	-
Kwort Second 2009	Int	Mar	57.1 (85.6)	-
Lynce Int Hldgs	na	Feb	4,370 (4,210)	3.6 (7.3)
MSG Equity	Int	Mar	71.19 (1)	0.88 (1)
Munich	Prop	Jan	8,500 (2,170)	-
Network Tech	Pharm	Dec	-	0.5 (4)
On Estates	Eng	Dec	391 (2,014)	-
Shore Smaller	Int	Mar	195.8 (78.29)	1.375 (1.325)
St Ives	Pharm	Mar	23,500 (19,600)	3.4 (2.9)
Shuttleworth	Pharm	Mar	418 (287)	4.41 (4.0)
Waste Management	Pharm	Mar	33,000 (35,500)	-

*Figures in parentheses are for the corresponding period. †Dividends are shown net of tax and are adjusted for any intervening scrip issues. ‡ Last quarterly. § 2nd quarterly. ¶ 3rd quarterly. † Irish Punt. ‡ Dutch Florin. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

Bids/deals

Battle for Co-op ends in court

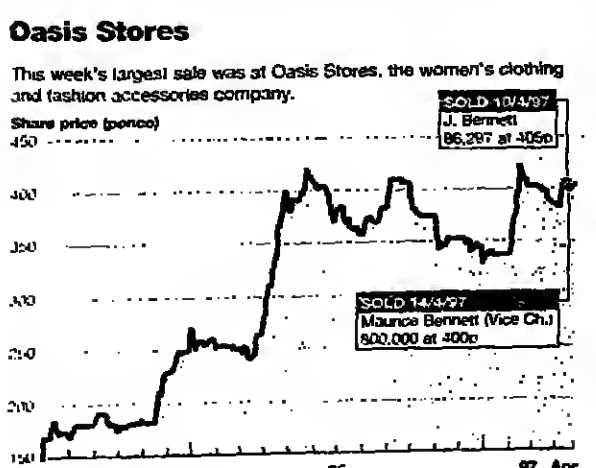
One of the most extraordinary takeover bids in recent years collapsed on Thursday after Nomura, a key financial backer, withdrew support for Andrew Regan's hostile £1.2bn offer to acquire the sprawling Co-operative Wholesale Society. Regan and David Lyons, his business partner, now face criminal proceedings for handling allegedly stolen property - internal documents allegedly taken from the Co-op - and have been ordered to pay the 120-year-old society's legal costs. Littlewoods, the home shopping and retail group, is understood to have tabled an offer of about £365m - less than its initial bid of £385m last year - for Freemans, the mail order business owned by Sears. Like the first bid, the latest also has been referred to the Monopolies and Mergers Commission. Meanwhile, Littlewoods is believed to be close to narrowing to three, the field of bidders for its 135-strong chain of high street stores. □ International chemical groups such as Akzo Nobel of the Netherlands and DuPont of the US are understood to have joined ICI in making preliminary bids for Unilever's specialty chemicals business. Analysts believe the four subsidiaries could together fetch over £5bn. □ A sharp rise in the share price of Cullens forced the

convenience store chain to stepped in yesterday at the head of a group with a £10m package to save struggling Millwall. The club, which came to the stock market in 1999, will become part of a larger company focusing on hosting sporting and entertainment events. Virginia Marsh

Current takeover bids and mergers

Company	Value of bid (£m)	Market price	Pre bid price	Value of bid (£m)	Bidder
CAMAS	97	97	81.4	296.72	Barton
Chubb	447.55	425	419	1,280	Williams Hldgs
Forward Group	238	224	184	126.27	HMTF
Howden	128.55	127	91.6	361.12	Charter
Newman-Tanks	175	173	151.4	223.82	Logan-Rand
Nynex Cablecomms	(4)	108	105	(4)	DWC
OEC Int	119.3	117.4	116.4	72.8	Kallibur
Paga (M)	550	542.4	485	341.55	Interim Serv Inc
Phoenix Timber	22.5	22.4	20.7	15.35	Co-op Ret Res Fd
Pilot Int, Ltd	119	119.4	117	44.08	Under Assets Ltd
Premium Unwiring	173.55	185.5	157	22.68	Wellington Unwiring
Rogner	151.55	145	130	35.44	Jacobs Hldgs
Rowlinson Sec	390	312.4	282.4	40.00	Series
Tomorrow's Ltd	94	94	84	15.42	Wiggins Group
Waterford Fds (W)	105	85	80	72.99	Avonmore
Whitson	175	172.5	157	51.8	Navia/Endress
World of Leather	130.4	123	91.4	15.80	WVO

Prices in pence unless otherwise indicated. *All cash offer. †Offer capital not already held. ‡ Unconditional. § Based on last trading price 25/4/97. ¶ Shares and cash. † Cash alternative. ‡ Merging with Mercury Comm. § Bell Cablemedia & Videotron to form Cable & Wireless Comm. ¶ Value of bid (£m). † Values denoted in Irish currency.



Directors' share dealings

Company	Sector	Shares	Value (£000)	No of directors
Sales				
Judygate Int	Eng	140,333	1060	6
Glass (Dawn)	Prop	1,110,000	887	1
Alldown Holdings	Food	43,398	85	1
Intelligent Emson	Serv	200,000	132	1
Macdonald Hldgs	Serv	41,000	73	1
Quay	RetG	1,142,297	4582	4
Quay Express	Brew	150,000	1005	1
Servair plc	Tran	104,388	470	1
Servcom	Elec	33,250	131	3
Southern Newspaper	Media	2,000	18	1
Nexon	RetG	270,000	524	2
DBS Management	Off	20,000	154	1
Local & General	LTA	470,000	1838	1
P & O	Tran	5,431	33	1
Varty Group	Elec	280,000	140	1
Purchases				
Appleyard	Dist	151,000	91	4
Asda Property	Prop	280,000	384	1

Companies must notify the Stock Exchange within two working days of a share transaction by a director. This list contains all transactions notified and all, including exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange. Shares traded are ordinary. Source: The Inside Track, Edinburgh, 0131-473 7070

In the Pink

How inflation can help to curb a country's debt

Brian Reading takes a look at one possible but unexpected solution to Japan's economic problems

Brian Reading is a director of Lombard Street Research

The Japanese real economy is in less of a mess than it was, thanks to record low interest rates and the weak yen. Last year, hit by exports and recovering investment gave it the fastest growth among the Group of Seven major industrial nations. Tax increases will check the recovery during the next few months, but the economy might pause only for breath before expansion is resumed.

By contrast, the Japanese financial system is still in as much of a mess as ever. Seven years after the speculative bubble burst, less than half the bad loans it spawned have been written off. Moreover, a Japanese "big bang" is planned from April 1 next year; this will lead to a bloodbath among smaller and weaker banks and other financial institutions, particularly debt-laden non-bank banks (so-called because they lend like banks but do not take retail deposits from the public).

The Ministry of Finance (MoF) has engineered this bloodbath to make the Japanese financial system competitive globally. But a huckster and mop will be needed to clear it up. Last year, MoF abandoned its post-war policy of never allowing a bank to fail. Previously, it had always forced the strong to bail out the weak. In November, however, the Hanwa bank was allowed to go under, although the ministry has promised that all depositors will be protected until 2001.

MoF also says that some banks are too big to fail, among them the Nippon

Credit bank. As before, other healthy institutions have been persuaded to help bail it out; indeed, in an unprecedented move, the US Bankers Trust has been allowed to take part. But Nippon Credit's non-bank bank subsidiaries are being wound up as insolvent and their big institutional depositors will not be bailed out - except for agricultural credit co-operatives, which could go under in a chain reaction default. But since the farm lobby is too powerful politically for this to

happen, they will be saved. Bailing out depositors is going to cost trillions of yen; indeed, the bill could be as much as 10 per cent of Japan's gross domestic product. Some of the cost will be borne by healthy banks. But unless most of the money comes from the public purse, the financial system will collapse.

This is something the Japanese authorities and public have yet to accept, and understandably so. Japan's budget deficit is now the largest among the G7 and totals 7 per cent of GDP. If the social security funds' surplus is excluded, Japan's gross public sector debts are approaching 100 per cent of GDP. Clearing up the private sector mess has made a mess of Japan's public sector finances.

At root, Japan's problems

remain unresolved. Even now, asset prices are excessively high relative to product prices and wages. Price/earnings ratios for the Nomura Research Institute's 400 share index averaged 60 at end-March, twice the FTSE 100's; and dividend yields of 0.85 per cent compared with 3.75 per cent for the FTSE. Ten-year Japanese government bonds, yielding little more than 2 per cent, are ridiculously expensive while average home prices remain at more than 10 times average incomes.

The bigger public sector grab bill profits, since workers were able to bid up wages as inflation accelerated. Cost inflation caused increased unemployment, stagnation and simplification, leaving governments uncertain how to react. Raising interest rates cured inflation by causing still higher unemployment. Income policies were tried and failed.

Japan's public sector is expanding rapidly. It faces a massive tax rise because of the public sector financial mess and its ageing population. MoF hopes to limit taxes and social security contributions to 45 per cent of GDP in 2001 compared with 37 per cent today. An 8 per cent increase in taxes over four years will be demand-deflationary and cost-inflationary. Growth will depend on a continued fall in the yen.

Inflation works as a solution to debt problems only when it is unexpected. Otherwise, markets ensure that real interest rates remain positive. For Japan, at present, the prospect of an inflationary explosion seems infinitely remote. Yet the mess into which public finances are getting suggests otherwise.

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